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ADVISORY CIRCULAR

LAND ACQUISITION & RELOCATION ASSISTANCE UNDER THE AIRPORT DEVELOPMENT AID PROGRAM

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

Initiated by: AAS-680

TD 4. 8/5:

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LAND ACQUISITION AND RELOCATION ASSISTANCE UNDER THE AIRPORT DEVELOPMENT AID PROGRAM

1. **PURPOSE.** This circular is designed to provide guidance to sponsors of airport development projects under the Airport Development Aid Program (ADAP) to meet the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, by identifying, summarizing, and adapting the requirements imposed by referenced authorities on projects involving land acquisition and/or the relocation of persons, businesses, farm operations, and nonprofit organizations.

This circular is intended solely as an interim guide to advise Sponsors regarding the requirements of the statutes and regulations cited in paragraph 2, below. It is not intended to be directive or regulatory. To the extent that words of mandatory import appear in the text of the circular, those words are used in paraphrasing of the statutes or regulations and otherwise should be read in an advisory sense only. In the event that differences in interpretation arise, the statutes and regulations cited in paragraph 2 must be consulted for resolution. Regulatory action to provide more definitive guidelines is being undertaken on an expedited basis.

2. **REFERENCES.**

a. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646).

b. General Services Administration Federal Management Circular (FMC 74-8) dated October 4, 1974.

c. Part 25, Regulations of the Office of the Secretary of Transportation (49 CFR part 25), (36 F.R. 9178).

d. Part 152, Federal Aviation Regulations (14 CFR part 152).

e. Title VI of the Civil Rights Act of 1964 and title VIII of the Civil Rights Act of 1968.

3. **SCOPE.** This circular contains guidance relating to requirements on the necessity for, and providing a means of preparation of: (1) the appraisal and acquisition of real property, (2) rendering relocation services, (3) moving, relocation, and replacement housing payments, and (4) other expense payments under Public Law 91-646 when land acquisition and/or relocation are involved. All other requirements to qualify a project for Federal assistance under the ADAP are dealt with in the Airport and Airway Development Act, as amended, Federal Aviation Regulations part 152 and related advisory publications.

William V. Vitale
WILLIAM V. VITALE
Director, Airports Service

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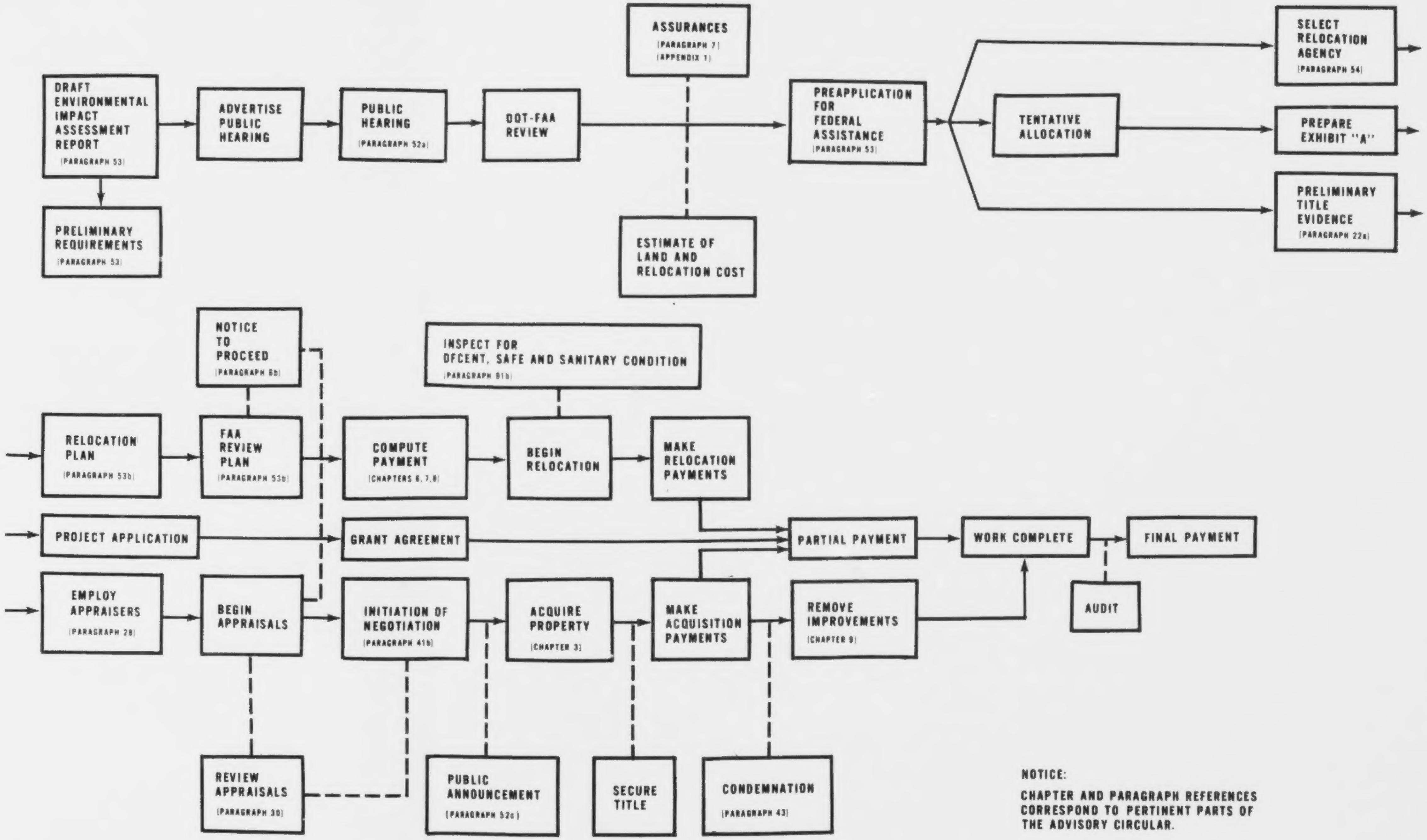
ACQUISITION AND RELOCATION ASSISTANCE ON ADAP PROJECTS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NOTICE:

CHAPTER AND PARAGRAPH REFERENCES CORRESPOND TO PERTINENT PARTS OF THE ADVISORY CIRCULAR.

Implementation
GUIDE LINES
OST FAR'S
FMC 74 – 8

INFORMATION & REQUIREMENTS

1

CHAPTER 1. INFORMATION AND REQUIREMENTS

1. **INTRODUCTION.** The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (hereafter referred to as the Uniform Act) became effective the date of its enactment, January 2, 1971. Title I, General Provisions, provides definitions of terms used in the act. Title II, Uniform Relocation Assistance, is concerned with the provision of moving and related expenses, replacement housing payments, relocation assistance advisory services and Federal share of the cost of such payments and services. Title III, Uniform Real Property Acquisition Policy, prescribes real property acquisition procedures to be followed in acquiring real property in Federal or federally assisted programs or projects.

2. **PURPOSE.** This advisory circular provides guidance to State and local agencies sponsoring projects under the Airport Development Aid Program (ADAP) or Federal-aid to Airports Program (FAAP) that involve the acquisition of land or the displacement of any persons, farms, or businesses after January 2, 1971, to enable them to comply with their obligations under the Uniform Act, part 25 of the Regulations of the Secretary of Transportation and FAA policies.

The purpose of title II is to establish a uniform policy for the fair and equitable treatment of persons displaced as a result of Federal and federally assisted programs in order that such persons shall not suffer disproportionate injuries as a result of programs designed for the public as a whole.

The purpose of title III is to establish a uniform policy for the acquisition of real property in order to encourage and expedite acquisition by agreements with owners, to avoid litigation and relieve congestion in the courts, to assure consistent treatment for owners in the many Federal and federally assisted programs and to promote public confidence in land acquisition practices in such programs.

3. **IMPLEMENTATION.**

a. **General Services Administration Federal Management Circular (FMC 74–8).** This document converts and revises Office of Management and Budget (OMB) Circular A–103 into a General Services Administration (GSA) Federal Management Circular (FMC 74–8) in accordance with Executive Order 11717, the President's memorandum of September 6, 1973, to the heads of departments and agencies on the subject of the Uniform Act, and OMB Bulletin 74–4, which transferred certain OMB responsibilities to the GSA. FMC 74–8, dated October 4, 1974, transmits guidelines to be followed by departments and agencies for the development of regulations and procedures for implementing the Uniform Act.

b. **Part 25, OST Regulations.** These regulations were issued by the Office of the Secretary of Transportation on May 20, 1971, consistent with those required by the interim guidelines of the OMB task force. Part 25 applies to projects which are a part of a Federal or federally assisted program administered by the Department of Transportation (DOT) and authorizes operating administrations of the DOT to further implement requirements of the Uniform Act and prescribe additional procedures and requirements that are appropriate to the particular programs administered by the DOT agencies.

c. **Part 152, Federal Aviation Regulations (FAR's).** This part of the FAR's prescribes the policies and procedures governing the administration of the ADAP. It includes basic implementation of the Uniform Act requiring certain actions at specified times in project formulation and by prescribing prerequisites to project approval.

4. **BACKGROUND.** In some countries, when the heads of governments sought land owned by private individuals, the property was simply taken and the landowners or tenants were displaced without any requirement for compensation. The fifth amendment to the Constitution of the United States protects the citizens of this country from such injustices by providing in part, "nor shall private property be taken for public use, without just compensation".

The term "just compensation" has almost universally been construed to mean fair market value. "Fair market value" refers only to the price the property would bring during the normal sale process and includes no compensation whatever for the other losses the landowner might sustain such as moving expenses, the increased cost of the new financing, costs incident to acquisition of replacement property, etc. Generally, the law and/or jurisprudence of the several States were to the effect that payment by the State or local agencies of any such expenses, in the absence of specific enabling legislation, would constitute a donation of public funds to a private individual or organization and would therefore be unconstitutional.

The very nature of public improvement projects has meant that the public agency, in order to keep costs down and to remove blighted areas rather than more attractive areas, located the projects in the lower income group neighborhoods when feasible.

Thus, the brunt of the land acquistions and relocations of persons for public improvement projects fell upon the lower income groups. Although the higher income groups could afford to fight the condemnation proceedings or other forms of acquisition and often obtain very favorable settlements, the majority of the lower income groups could not do so, and many sustained additional losses. Moreover, many of the displaced persons were tenants without any interest in the property that would be compensated as a result of the condemnation proceedings.

The net effect has been that the lower income groups have paid a disproportionate price for the majority of the public improvement projects.

In recognition of these injustices and in an effort to remedy them, the Uniform Act was adopted. As stated in the act, its purpose is:

> To provide for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs and to establish uniform and equitable land acquisition policies for Federal and federally assisted programs.

The provisions of the act are mandatory and are applicable to each public agency that administers programs or provides financial assistance under programs which involve the acquisition of real property or the displacement of persons, farms or businesses, regardless of whether the acquisition of the real property is included in the project as a project cost item.

Part 25 of the Regulations of the Office of the Secretary of Transportation has been issued to provide information concerning the requirements which must be met in projects to which it relates. Failure on the part of a Sponsor to comply with the requirements could result in the Sponsor's incurring project costs that would be unallowable under ADAP or FAAP, or even to a denial of further Federal assistance.

In any event, before proceeding with the acquisition of land or the taking of any action that would require the relocation of persons, businesses or farms, a Sponsor is urged to consult with FAA to assure that its actions will comply fully with the requirements of the act and regulations and therefore not jeopardize the Sponsor's eligibility for a grant on a current airport project or for a grant covering acquisition and relocation transactions that will be part of a future airport project.

5. **DEFINITIONS.** For the purpose of this circular, the following terms are defined:

a. **Business.** The term "business" means any lawful activity other than a farm operation conducted primarily:

- (1) For the purchase, sale, lease or rental of personal and real property, and for the manufacture, processing or marketing of products, commodities or any other personal property.
- (2) For the sale of services to the public.
- (3) By a nonprofit organization.
- (4) Solely for the purpose of moving and related expenses under paragraph 77 for assisting in the purchase, sale, resale, manufacture, processing, or marketing of products, commodities, personal property or services by the erection and maintenance of an outdoor advertising display(s), whether or not the display(s) is located on the premises on which any of the above activities are conducted.

b. **Comparable Replacement Dwelling.** A "comparable replacement dwelling" is one which is:

- (1) Decent, safe, and sanitary as defined in paragraph 5c.
- (2) Functionally equivalent and substantially the same as the acquired dwelling with respect to:
  - (a) Number of rooms;
  - (b) Area of living space;
  - (c) Type of construction;
  - (d) Age;
  - (e) State of repair.
- (3) Fair housing is open to all persons regardless of race, color, religion or national origin and consistent with title VI of the Civil Rights Act of 1964 and title VIII of the Civil Rights Act of 1968.
- (4) In areas not generally less desirable than the dwelling to be acquired in regard to:
  - (a) Public utilities;
  - (b) Public and commercial facilities.

(5) Reasonably accessible to the place of employment of the head of the displaced family or individual.

(6) Adequate to accommodate the displaced family or individual.

(7) In an equal or better neighborhood.

(8) Available on the market to the displaced person.

(9) Within the financial means of the displaced family or individual.

c. **Decent, Safe, and Sanitary Housing.** Standards for decent, safe, and sanitary housing are:

(1) **Minimum Requirements.** A decent, safe, and sanitary dwelling is one which meets all of the following minimum requirements:

(a) **Conforms to State and Local Housing Codes and Ordinances.** Conforms with all applicable provisions for existing structures that have been established under state or local building, plumbing, electrical, housing, and occupancy codes and similar ordinances or regulations.

(b) **Water.** Has a continuing and adequate supply of potable safe water.

(c) **Kitchen Requirements.** Has a kitchen or an area set aside for kitchen use which contains a sink in good working condition and connected to hot and cold water and an adequate sewage system. A stove and refrigerator in good operating condition shall be provided when required by local codes, ordinances, or custom. When these facilities are not required by local codes, ordinances, or custom, the kitchen area or area set aside for such use shall have utility service connections and adequate space for the installation of such facilities.

(d) **Heating System.** Has an adequate heating system in good working order which will maintain a minimum temperature of 70 degrees in the living area under local outdoor design temperature conditions. A heating system will not be required in those geographical areas where such is not normally included in new housing. Bedrooms are not included in the "living area" as referred to in this paragraph.

(e) **Bathroom Facilities.** Has a bathroom, well lighted and ventilated and affording privacy to a person within it, contains a lavatory basin and a bathtub or stall shower, properly connected to an adequate supply of hot and cold running water, and a flush toilet, all in good working order and properly connected to a sewage disposal system.

(f) **Electric System.** Has an adequate and safe wiring system for lighting and other electrical services in each room.

(g) **Structurally Sound.** Is structurally sound, weathertight, in good repair and adequately maintained.

(h) **Egress.** Each building used for dwelling purposes shall have a safe unobstructed means of egress leading to safe open space at ground level. Each dwelling unit in a multidwelling building must have access either directly or through a common corridor to a means of egress to open space at ground level. In multidwelling buildings of three stories or more, the common corridor on each story must have at least two means of egress.

(i) **Habitable Floor Space.** Has 150 square feet of habitable floor space for the first occupant in a standard living unit and at least 100 square feet (70 square feet for mobile home) of habitable floor space for each additional occupant. The floor space is to be subdivided into sufficient rooms to be adequate for the family. All rooms must be adequately ventilated. Habitable floor space is defined as that space used for sleeping, living, cooking or dining purposes and excludes such enclosed places as closets, pantries, bath or toilet rooms, service rooms, connecting corridors, laundries, unfurnished attics, foyers, storage spaces, cellars, utility rooms, and similar spaces.

(2) **Rental of Sleeping Rooms.** The standards for decent, safe, and sanitary housing as applied to rental of sleeping rooms shall include the minimum requirements contained in paragraphs (1) (a), (d), (f), (g), and

(h) above and the following:

- (a) **Habitable Floor Space.** Has at least 100 square feet of habitable floor space for the first occupant and 50 square feet of habitable floor space for each additional occupant.
- (b) **Bathroom Facilities.** Has a lavatory, bath, and toilet facilities that provide privacy including a door that can be locked if such facilities are separate from the sleeping room.

(3) **Approval of Local Code.** In those instances where a local housing code does not meet all the standards listed in this paragraph but is reasonably comparable, the Sponsor may submit such code to the appropriate FAA official for approval or disapproval as acceptable standards for decent, safe, and sanitary housing.

(4) **Exceptions.** Exceptions may be granted to decent, safe, and sanitary standards but requests should be limited to items and circumstances that are beyond the reasonable control of the Sponsor to adhere to the standards. Approved exceptions shall not affect the computation of the replacement housing payment. In case of extreme hardship or other similar extenuating circumstances, an exception to the decent, safe and sanitary characteristics of replacement housing may be permitted in a particular case with the written concurrence of the appropriate FAA official. For example, it is recognized that exceptional problems may arise with regard to large families meeting floor space requirements. In such cases it may be appropriate to waive the square footage requirement on a parcel basis provided there is satisfactory bedroom space based on the age and sex of the occupants.

d. **Displaced Person.** A "displaced person" is any person who:

(1) Is in occupancy at the initiation of negotiations for the acquisiton of the real property in whole or in part; or

(2) Is in occupancy at the time he is given a written notice by the Sponsor that it is their intent to acquire the property by a given date; and

(3) Moves from the real property or moves his personal property from the real property subsequent to the earliest date established in paragraphs (1) and (2) above; and

(4) The real property is subsequently acquired.

(5) If the move occurs after a written order to vacate is issued, the occupant is eligible even though the property is not acquired.

e. **Dwelling.** The term "dwelling" means the place of permanent or customary and usual abode of a person. It includes a single family building; a one-family unit in a multifamily building; a unit of a condominium, or cooperative housing project; any other residential unit, including a mobile home which is either considered to be real property under state law, or cannot be moved without substantial damage or unreasonable cost or is not a decent, safe, and sanitary dwelling.

f. **Economic Rent.** The term "economic rent" means the amount of rent a tenant or homeowner would have to pay for a dwelling comparable to the acquired dwelling in a similar area.

g. **Family.** The term "family" means two or more individuals who live together in a dwelling and are:

(1) Related by blood, marriage, adoption, or legal guardianship; or

(2) Others who live together as a family unit may be determined to be jointly eligible for relocation assistance and payments.

h. **Farm Operation.** The term "farm operation" means any lawful activity conducted solely or primarily for the production of one or more agricultural products or commodities, including timber, for sale or home use and customarily producing those products or commodities in sufficient quantity to be capable of providing at least one-third of the operator's gross income. However in instances where such operation is obviously a farm operation it need not contribute one-third to the operators income for him to be eligible for relocation payments.

i. **Federal Financial Assistance.** The term "Federal financial assistance" means a grant, loan or contribution provided by the United States, other than a Federal guarantee or insurance, or an annual payment or capital loan to the District of Columbia.

j. **Financial Means.** To meet a financial means test, a determination should be made as to the displaced person's ability to afford the replacement dwelling. In making this determination, the average monthly rental or housing cost (e.g., monthly mortgage payments, insurance for the dwelling unit, property taxes, and other reasonable recurring related expenses) which the displaced person will be required to pay, in general, should not exceed 25 percent of the monthly gross income of the displaced family or individual, including supplemental payments made by public agencies.

k. **Initiation of Negotiations for the Parcel.** The term "initiation of negotiations for the parcel" means the date the Sponsor makes the first personal contact with the property owner or his representative and furnishes him with a written offer to purchase the real property.

l. **Initiation of Negotiation for the Project.** The term "initiation of negotiation for the project" means the date the Sponsor makes the first personal contact with *any property owner* or his representative and furnishes him with a written offer to purchase the real property, except where such contact is made solely for protective buying or because of hardship.

m. **Mortgage.** The term "mortgage" means a lien commonly given to secure an advance on, or the unpaid purchase price of, real property under the laws of the state in which the real property is located, together with any credit instruments secured thereby.

n. **Nonprofit Organization.** The term "nonprofit organization" means a corporation, partnership, individual or other public or private entity, engaged in a business, professional or instructional activity on a nonprofit basis, necessitating fixtures, equipment, stock in trade, or other tangible property for the carrying on of the business, profession or institutional activity on the premises.

o. **Owner.** The term "owner" means an individual(s):

(1) Owning, legally or equitably, the fee simple estate, a life estate, a 99-year lease, or other proprietary interest in the property.

(2) The contract purchaser of any of the foregoing estates or interests.

(3) With a lease, at least 50 years to run from the date of acquisition of the property.

(4) With an interest in a cooperative housing project, which includes the right to occupy a dwelling.

(5) Who has succeeded to any of the foregoing interests by devise, bequest, inheritance or operation of law. For the purpose of this circular, in the event of acquisition of ownership by any of the foregoing methods in this paragraph, the tenure of ownership, not occupancy, of the succeeding owner shall include the tenure of the preceding owner.

p. **Person.** The term "person" includes a partnership, company, corporation, or association as well as an individual or family.

q. **Project.** The term "project" means any ADAP/FAAP grant agreement which will result in the acquisition of land and/or the displacement of people.

r. **Sponsor.** The term "Sponsor" means any public agency which either individually or jointly with one or more other public agencies, is eligible to receive Federal financial assistance from the ADAP/FAAP.

s. **Tenant.** The term "tenant" means an individual or family who rents, or is temporarily in lawful possession of a dwelling, including a sleeping room.

6. ELIGIBILITY FOR PARTICIPATION OF FEDERAL FUNDS.

a. **Federal and Federal-aid Project.** The provisions of this circular are applicable to the acquisition of real property and to any person who as of January 2, 1971, or later, has been or will be displaced by an ADAP/FAAP project on which Federal funds are or will be utilized.

b. **Approval of Relocation Programs.** No Sponsor shall be authorized to proceed with negotiations for the purchase of real property on a federally assisted project which will cause the relocation of any persons until it has submitted and had approval by the FAA of an acceptable relocation program with supporting documentation. Federal funds will not be available for participation in displacing individuals and families from their homes unless comparable replacement dwellings are available to them in advance of their displacement.

c. **Reimbursement Requirements.** The costs of relocating those persons in occupancy at the initiation of negotiations for the parcel or at the time written notice of intent to acquire or to vacate is issued, whichever is earlier, would be allowable project costs. Payments made to any displaced person who has occupied a dwelling subsequent to the initiation of negotiation for the parcel are not allowable project costs. Relocation payments to eligible persons when all of the following conditions have been met would be allowable project costs:

(1) **Person Relocated.** When in fact a person has been relocated by the project.

(2) **Lawful Costs.** When relocation costs are incurred in accordance with law.

(3) **Grant Agreement Executed.** After a grant

agreement has been executed for the particular project involved.

d. **Interest Acquired.** The type of interest acquired does not affect the eligibility of relocation costs for reimbursement provided the interest acquired is sufficient to cause displacement. In a leasehold situation, terms of the lease agreement and the legality of occupancy on the property should be considered when determining eligibility for Federal participation.

e. **Losses Due to Negligence.** Losses due to negligence of the relocated person, his agent, or employees are not eligible project costs.

f. **Federal Share.** The cost to a Sponsor for providing the payments and services outlined in this circular may be included as part of the cost of an ADAP/FAAP project. The Sponsor is eligible for Federal financial assistance with respect to those costs in accordance with the percentage of the project costs established by the ADAP (FAAP) grant agreement except that:

> The Federal share of the cost to a Sponsor of providing payments and assistance under the Uniform Act is 100 percent of the first $25,000 of the cost to the Sponsor of providing payments and assistance for a displaced person under sections 206, 210, 215, and 305 of the Uniform Act on account of any displacement occurring after January 1, 1971, and (1) before July 1, 1972, or (2) after June 30, 1972, on account of an acquisition occurring before July 1, 1972.

g. **Property Not Incorporated Into the Project Area.** If a relocation is made necessary by an acquisition for the project, even though the property is not used for actual construction, the costs of relocation will be an eligible project cost.

h. **Advisory Services to Adjacent Property Owners.** Federal funds are authorized for participation in the cost of furnishing relocation advisory services to any person occupying property immediately adjacent to property acquired for a project when the Sponsor, with FAA concurrence, determines that such person is caused substantial economic injury because of the acquisition.

i. **Fixed Base Operator (FBO).** Relocation payments may be allowable project costs when relocating an FBO providing the provisions of subparagraph d above are met. Determination of an FBO's eligibility to receive relocation payments should be considered on a case-by-case basis because of the complexities involved.

7. **PROJECT ASSURANCES.**

a. **Present Acquisition.** A Sponsor will not be authorized to proceed with any project which will result in the acquisition of real property or the relocation of any person until it has furnished to the appropriate FAA official, satisfactory assurances as contained in appendix 1. These assurances will be submitted with the Preapplication for Federal Assistance.

b. **Prior Acquisition.** Project assurances are also applicable to that land acquired and to those displacements that have occurred prior to a grant agreement and are intended to be a part of such grant. These assurances will be submitted with the Preapplication for Federal Assistance.

8. **LAST RESORT HOUSING.** If a preliminary housing survey indicates that a sufficient number of comparable decent, safe, and sanitary dwellings are not available for replacement purposes for those persons displaced from an airport project, a "last resort housing" project will be programmed and approved if the construction project is to proceed. A "last resort housing" project will authorize the Sponsor to make housing available through purchase and/or construction with the aid of Federal financial assistance. A project of this sort may also be necessary if comparable decent, safe and sanitary dwellings become unavailable during the acquisition and relocation phase of a construction project. The FAA will provide information on "last resort housing" procedures whenever the need arises.

9. **RECORDS.** The Sponsor will maintain appraisal reports, acquisition, relocation and property management records and make them available during regular business hours for inspection by representatives of the Department of Transportation and the General Accounting Office who have an interest or responsibility in matters relative thereto. The records shall be retained by the Sponsor for at least 3 years after date of submission of the final expenditure report.

10. **REPORTS.** Acquisition, relocation assistance and payment statistics as required by FMC 74–8 will be submitted annually by the Sponsor to the FAA for the period ending June 30 showing the information requested on the GSA report form (see appendix 2). The reports should be furnished to the appropriate FAA office within 30 days after the end of the fiscal year which the report covers. Accuracy of this report is of utmost importance since the report statistics are submitted for congressional review.

11–19 RESERVED.

APPRAISAL & APPRAISAL REVIEW

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CHAPTER 2. APPRAISAL AND APPRAISAL REVIEW

20. **GENERAL.** This chapter describes procedures for the appraisal of real property. These procedures are applicable for all Sponsors when they obtain appraisal and speciality reports for any parcel of real property for airport projects under which Federal funds are requested or will be used. The sponsor will provide that:

a. Real property will be appraised before the initiation of negotiations with an owner.

b. The owner or his designated representative will be given an opportunity to accompany the appraiser during his inspection of the property.

c. It will establish an amount that it believes to be just compensation for the acquisition of real property before the initiation of negotiations with an owner.

d. Any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the compensation for the property.

e. Appraisers will not give consideration to nor include in their appraisals any allowance for relocation assistance benefits.

21. **APPRAISAL STANDARDS.** The basic reference for appraisals is contained in the "Uniform Appraisal Standards for Federal Land Acquisitions" published by the Interagency Land Acquisition Conference. Appraisal reports will conform to the following:

a. **Depth of Report.** The term "appraisal," as used herein, is a written statement of the appraiser's opinion of value fully supported by pertinent factual data of an adequately described parcel of property as of a specified date. Accordingly, a mere opinion of an individual whether or not he be a qualified appraiser, regardless of his status or position in the community or area involved, unsupported by pertinent factual data, does not constitute and is not acceptable as an appraisal.

b. **Appraisal Data.** Each appraisal report must be sufficiently supported by pertinent factual data and in such detail as to reveal that the appraiser has made an adequate study and analysis of property value data in the area involved, that he has considered all pertinent and reliable data, and that he has used sound, logical reasoning in developing his conclusions as to the fair market value of the property involved. Such conclusions will be based upon basic appraisal techniques.

c. **Appraisal for Less Than Fee Title.** Where less than full fee title is being acquired, such as an avigation easement, the appraisal report is to be prepared by the "before and after" method. The appraisal will reflect the restrictive elements of the easement to be acquired and the potential effect of such elements on the highest and best use. Full details with respect to any interference with the highest and best use of the property affected must be developed and explained, including reasoning of the appraiser where sufficient sales data is not available. This is of particular importance where it is concluded that damages due to imposition of the easement will occur.

d. **Partial Taking.** Where the taking involves only a part of the property, the appraiser will develop the severance damage to the remainder, if any, including reasoning and sales data, if available, to support the conclusion. Again, the "before and after" method of appraisal is expected to be used. In these instances, the appraiser will indicate if the remainder constitutes an economic or uneconomic unit.

e. **Independently Prepared.** Appraisal reports are to be independently prepared by qualified staff or fee appraisers.

f. **Preparation of Report.** Appraisal reports are to be prepared in ink or typewritten, dated and signed by the individual making the appraisal prior to being submitted to a review appraiser.

g. **Appraiser's Certification.** Each appraisal report will contain an appraiser's certification incorporating as a minimum the requirements in appendix 3. A new certificate should be prepared where there is a change in the appraisal report which affects the estimate of just compensation or changes the date of valuation.

22. **INFORMATION TO BE FURNISHED BY SPONSOR.** As soon as possible, the Sponsor will furnish the appraiser with the following information in order to permit the orderly completion of the appraisal:

a. All pertinent or known title information which may affect the value of the property including encumbrances such as leaseholds, easements and restrictive covenants, if any.

b. Rights to be acquired.

c. Where it is desired that the appraiser determine an after value based on the premise that certain adjustments of the improvements are to be made, he should be specifically advised of such adjustments. Construction features to be undertaken to mitigate damages are considered as adjustments for the purposes of this paragraph.

d. **Acquisition Plans.** Where the acquisition is a total taking, the appraiser will be furnished with a plat of the property showing boundary dimensions, location of improvements and other significant features of the property. If a partial taking is involved, the appraiser will be furnished with a plat of the property showing the area being acquired, location of improvements affected by the taking, the area of each remainder and any other significant features affected by the the taking. The appraiser should be advised to indicate if the remainder(s) constitute an economic or uneconomic unit(s).

e. Information of construction items that might have a bearing upon his appraisal.

f. The Sponsor's legal counsel will provide the appraiser with a list of those damage items considered to be noncompensable and an interpretation of State laws regarding benefits. This information will be furnished to the appraiser along with instructions that it be fully considered in the determination of the value estimate. On questionable individual cases legal counsel should be obtained.

23. **APPRAISAL REPORT.** The methodology followed by the American Institute of Real Estate Appraisers which uses one or more of the three approaches—market data approach, income approach, and cost approach—is favorably regarded when used for an appraisal. As a minimum the appraisal is to contain the following:

a. **Purpose of Appraisal.** The purpose of the appraisal which includes a statement of value to be estimated and the rights or interests being appraised.

b. **Description of Property.** Description of the property to be appraised will include:

(1) Parcel number as it relates to the Sponsor's exhibit "A" property map.

(2) Names of apparent owner of each interest being evaluated.

(3) Location of property.

(4) Total area of property in acres or square feet.

(5) Area of each interest in property being acquired in acres or square feet.

(6) A minimum of 5 years delineation of title.

(7) Present use and zoning.

(8) Utilities.

(9) Type and condition of improvements and special features that may add to or detract from the value of the property.

c. **Highest and Best Use.** The highest and best use of the property on which the appraisal is based before the acquisition of rights and interests to be acquired and the highest and best use of the remainder after the acquisition when a partial taking is involved. In either instance, if the existing use is not the premise on which the valuation is based, the appraisal will contain an explanation justifying the determination that the property is available and adaptable for a different highest and best use and there is demand for that use in the market.

d. **Before and After Valuation.** The "before and after" method of valuation as interpreted by state law will be used in partial acquisitions except where it is obvious there is no damage or benefits to the residue land or improvements.

e. **Approaches to Value.** The appraisal should include all applicable approaches to value. If an approach is not considered applicable, the appraiser will state why. All pertinent calculations used in developing the approaches will be shown.

(1) In the market approach, the appraisal report will contain a direct comparison of pertinent comparable sales to the property being appraised. The appraiser will include a statement setting forth his analysis and reasoning for each item of adjustment to comparable sales.

(2) Where the income (capitalization) approach is used, there will be documentation to support the income, expenses, interest rate, remaining economic life, and capitalization rate. Where it is determined that the economic rental income is different from the existing or contract income, the increase or

decrease will be explained and supported by market information.

(3) Where the cost approach is utilized, the appraisal report will contain the specific source of cost data and an explanation of each type of accrued depreciation.

f. **Benefits.** Where authorized by state law, benefits are to be offset against the value of the part taken and/or damages to the remainder in accordance with such law. The after value appraisal will eliminate any consideration of damages that are not compensable or benefits not allowable under State law even though they may, in fact, exist in the ultimate value of the remaining property in the market. In case of doubt, a legal ruling should be secured.

g. **Appraisal of the After Value.** The appraisal of the after value will be supported to the same extent as the appraisal of the before value. This support will include one or more of the following:

(1) Sales comparable to the remainder properties.

(2) Sales of comparable properties from which there have been similar acquisitions or takings for like usages.

(3) Development of the income approach on properties which show economic loss or gain as a result of similar acquisition or takings for like usages.

(4) Public sales of comparable lands by the state or other public agencies.

(5) In the event the data described in (1) through (4) above are not available, the appraisal will so state and give the appraiser's reasoning for his value estimate.

h. **Difference Between Before and After.** The difference between the before and after appraisal will represent the value of the property to be acquired including the damages and benefits to the remainder property. The appraiser will separately analyze and tabulate the difference showing a reasonable allocation to land, improvements, damages, and benefits.

i. **More Than One Approach Used.** Where two or more of the approaches of value are used, the appraisal will show the correlation of the separate indications of value derived by each approach along with a reasonable explanation for the final conclusion of value. This correlation will be included for both before and after appraisals.

j. **Photographs.** All appraisals should include identified photographs of the subject property including all principal above ground improvements or unusual features affecting the value of the property to be taken or damaged.

k. **Sketch or Plat.** Appraisal reports for whole takings will contain a sketch or plat of the property showing boundary dimensions, location of improvements and other significant features of the property. For partial takings, the sketch or plat will also show the area to be acquired, relation of improvements to the taking area and area of each remainder.

l. **Comparable Sales.** Each appraisal report will contain or make reference to the comparable sales which were used in arriving at the fair market value.

(1) The appraiser will state the date of sale, names of parties to the transaction, consideration paid, financing, conditions of sale and with whom these were verified, the location, total area, type of improvements, appraiser's estimate of highest and best use at the date of sale, zoning and any other data pertinent to the analysis and evaluation thereof.

(2) If the appraiser is unable to verify the financing and conditions of sale from the usual sources such as buyer, seller, broker, title or escrow company, etc., he will so state.

(3) Pertinent comparable sales data should include identified photographs of all principal above ground improvements or unusual features affecting the value of the comparable.

(4) The appraiser will prepare a comparable sales map showing the location of the sale property.

m. **Inspection of Properties.** All property appraised and the comparable sales which were relied upon in arriving at the fair market value estimate will be personally inspected in the field by the appraiser and all dates of inspection will be shown in the appraisal report.

n. **Date of Valuation.** The effective date to which the valuation applies.

o. **Limiting Conditions.** Statement of appropriate contingent and limiting conditions if any.

p. **Certification and Signature.** The certification, signature and date of signature of the appraiser. (Refer to example in appendix 3).

24. **UNCOMPLICATED TAKINGS.** Appraisal reports on uncomplicated takings, permitted at the option of the Sponsor and where adequate market data are available, may be prepared on an abbreviated appraisal format in which the value conclusion

is adequately related to comparable sales. An example of the appraisal report form is included as appendix 4. Examples of uncomplicated takings would be whole takings of single family residences; whole takings of unimproved residential, commercial, or industrial lots or other vacant land; strip or other partial takings not involving benefits or damages to the remaining property other than minor replacement or reestablishment items measurable by the "cost to cure," such as reconnections or minor replacement of walks, steps, drives, fencing, etc.

25. **NOMINAL VALUE FINDINGS.** A "nominal value" parcel is defined as one valued at $1,000 or less, provided the acquisition does not include benefits or damages to the remaining property other than nominal replacement or reestablishment items measurable by the "cost to cure."

a. **Federal Participation.** Federal reimbursement under ADAP/FAAP may be approved by the appropriate FAA official if the transaction is otherwise eligible when the Sponsor acquires "nominal value" parcels on the basis of written "value findings" by qualified staff personnel. Routinely these "value findings" may be prepared by staff and review appraisers. In unusual cases, the FAA may give prior approval for the use of fee appraisers to prepare "value findings" on a project basis provided it is shown that the appraisal fee is commensurate with the service to be performed. An example of a "value finding" report is attached as appendix 5.

b. **Preparation.** All value findings will be independently prepared. In addition to the information required in paragraph 23b, the findings must indicate the date of valuation, be dated, signed by the person making the value finding, and be in ink or typed.

26. **SPECIALTY REPORTS.** When a separate valuation of machinery, equipment or other speciality items considered as real property is required, the value of such items will not be arbitrarily added to the valuation of the other realty, but will be considered to the extent of the contributory value in establishing the value of the whole property.

a. **Documentation.** A specialty report is a written document which, as a minimum, contains the following:

(1) Statement of purpose of report.

(2) Definition of value(s) reported, i.e., fair market value, salvage value, etc.

(3) Identification of the property and its ownership.

(4) Statement of appropriate contingent and limiting conditions, if any.

(5) Identification of the value problem.

(6) The estimate of value(s).

(7) The data and analysis to explain, substantiate and thereby document the estimate of value(s).

(8) The date(s) on which the estimate of value(s) applies.

(9) The certification, signature and date of signature of the specialist.

(10) Other descriptive material (maps, charts, plans, photographs).

b. **Employment of Specialist.** Normally the employment of specialists to prepare such valuations should be handled by the Sponsor. In appropriate instances, such employment may be accomplished by the contract appraiser responsible for the appraisal of the entire property. If the latter course is followed, the Sponsor will reserve to itself the approval of the selection of the specialist by the contract appraiser.

c. **Distribution of Estimate.** Each acceptable estimate prepared by a specialist retained for the Sponsor will be made available to all appraisers for analysis and incorporation into their appraisal reports to the extent deemed appropriate by the individual appraiser. The Sponsor should have the specialist's appraisal reviewed by their review appraiser or staff specialist to determine its acceptability before distribution to the fee or staff appraisers.

d. **Engineering Data.** In many instances engineering information can be developed from a Sponsor's own engineering studies rather than from the employment of a special consultant engineer to develop the necessary information.

27. **NUMBER OF APPRAISALS.**

a. **Appraisals Contracted.** The airport sponsor will secure at least one appraisal or value finding for each parcel to be acquired or damaged. Two appraisals should be obtained on properties of a complex or unusual nature or whenever the appraised value is expected to exceed $50,000. Exceptions may be permitted where the Sponsor has submitted a different plan of operation which has been accepted by FAA.

b. **Allowable Appraisal Fees.** If otherwise eligible, Federal participation will be allowed in the cost of one appraisal or one value finding on parcels valued at $1,000 or less, in the cost of two appraisals on parcels valued in excess of $1,000 when the properties are of a complex or unusual nature or whenever the appraised value is expected to exceed $50,000, and in the cost of up to two additional appraisals in condemnation cases when litigation is imminent and deemed necessary by the Sponsor. Federal participation may be allowed in the cost of more than the number of appraisals provided for above when:

(1) Additional appraisals have been requested by FAA, or

(2) When the Sponsor, in special or unusual circumstances, has requested and received prior approval for Federal participation in the cost of additional appraisals. Requests and approvals may be on specific parcels or on a project basis covering specific types of acquisitions. Approval will be given only on the basis that such expenditure is in the public interest.

28. **APPRAISER QUALIFICATIONS.** The appraisals prepared for use in ADAP/FAAP projects are to be prepared by staff or fee appraisers adequately qualified as to education, experience and credentials for the property being appraised. The appraiser will have no personal interest, present or prospective, in the property being appraised.

a. **Qualifications.** The Sponsor is expected to establish qualifications required of all appraisers and reviewing appraisers used by it to appraise or review appraisals of real property to be acquired for ADAP/FAAP projects in which Federal funds will participate in any part of the cost of the project.

b. **Fee Appraisers.** The Sponsor should secure only appraisers that are qualified for the particular job to be done. It is necessary for the appraiser's ability to be evaluated on an individual basis. In addition to having minimal education and experience qualifications, fee appraisers should have verified specific appraisal experience in the type of property they are employed to appraise.

c. **Reviewing Appraiser.** A reviewing appraiser should be the best qualified. Every reviewing appraiser is to have knowledge of the principles and techniques pertinent to appraising and the ability to independently appraise properties of the type for which he is to review appraisal reports by others. Where a Sponsor does not employ qualified review appraisers on its staff, the Sponsor should hire a fee review appraiser.

29. **APPRAISAL FEES, CONTRACTS AND AGREEMENTS.**

a. **Employment of Fee Appraisers and Specialists.** The FAA will participate in the cost of employing fee appraisers and specialists to provide cost studies, estimates or appraisals under ADAP/FAAP when:

(1) The Sponsor determines that such employment is necessary to efficiently complete the project.

(2) A fee appraisal or specialist report is needed for use in a condemnation case.

(3) The unusual character of the work requires the services of a person or persons with highly specialized knowledge and experience not available on the Sponsor's staff.

b. **Fees.** Appraisal fees will be determined by the following:

(1) The basis of payment set forth in the agreement covering more than one parcel will not be computed on an average rate per parcel. The agreement will itemize the actual amount to be paid per parcel or such itemization should be by a separate statement.

(2) Provision should be made in the agreement for a per diem rate to be paid to the fee appraiser or specialist in the event court appearances or conferences preparatory thereto become necessary. This contingent cost will be separate and apart from the fee or the overall limit specified in the agreement for completion of the services covered by the agreement.

(3) There will be no Federal reimbursement for compensation paid by an acquiring agency for revision or correction of a report required by the appraiser's or specialist's failure to comply with contract specifications and standards in the agreement.

(4) There will be no Federal participation in the appraisal or specialist fee where the fee is determined as a percentage of the appraised or assessed value, nor will sole consideration be given to the appraised value in such appraisal when considering the reasonable acquisition cost.

(5) The amount of the fee will represent a fair payment for the services performed whether it be for the initial valuation, a new valuation occasioned by a change in the taking, or a subsequent updating requested by the Sponsor. In the case of a new valuation or

updating, a flat percentage of the original fee is not acceptable as representative of fair payment. Experience of the acquiring agency and any other available guides should be considered in arriving at an equitable fee. A qualified individual employed by the Sponsor should visit the project site to identify the valuation problem, determine the number and type of reports needed and estimate a fee per parcel. The estimate will be made prior to requesting a proposal from fee appraisers and should be retained in the Sponsor's file. In determining the basis of payment and the actual fees to be paid, consideration should be given to:

(a) The complexity of the appraisal or other work to be undertaken and the skills necessary to provide such services.

(b) The number of parcels included in the assignment.

(c) The amount of information and data provided fee appraisers by the Sponsor, and the extent of information that must be developed independently.

(d) The location and conditions pertinent to the project for which the fee service is to be provided.

(e) The time allowed for performance of the assignment.

c. **Requirements for Contracts and Agreements.** Contracts, agreements or assignment letters for fee appraisal and specialist service should contain as a minimum the following provisions and clauses:

(1) Date of agreement.

(2) The complete name and address of each party to the agreement whether individual, partnership, firm or corporation. If a corporation is one of the parties, identify the State in which it is incorporated. Where a contract is with a partnership, firm or corporation, the agreement or supplement thereto should identify the person who will perform the valuation services and, if necessary, testify in a condemnation action.

(3) Description of the work to be done in sufficient detail to show the nature and extent of the services contemplated.

(4) Provision for the appraiser or specialist to testify in court if the need arises.

(5) Specifications as to the content and format of reports.

(6) Data to be furnished by the Sponsor.

(7) Date completed reports are due.

(8) The basis of payment for the services to be furnished.

(9) The following clause: "The appraiser (specialist) warrants that he has not employed or retained any company, firm or person, other than a bona fide employee working solely for him, to solicit or secure this agreement, and that he has not paid or agreed to pay any company, firm, or person, other than a bona fide employee working solely for him, any fee, commission, percentage, brokerage fee, gifts or any other consideration, contingent upon or resulting from the award or making of this agreement. For breach or violation of this warranty, the (Sponsor) shall have the right to annul this agreement without liability."

(10) Provisions that would permit the negotiation for mutual acceptance or major changes in the scope, character or estimated total cost of the work to be performed if such changes become necessary as the work progresses.

(11) Provision that would permit termination of the agreement by the Sponsor in case the appraiser (specialist) is not complying with the terms of the agreement, the progress or quality of work is unsatisfactory, or for other stated reasons.

(12) Provision covering the ownership of work completed or partially completed and basis of payment therefor in the event of termination of the agreement by the Sponsor.

(13) An express prohibition against the subcontracting or transfer of any of the work except as is otherwise provided for in the agreement.

(14) Instructions that the appraiser (specialist) is to follow accepted principles and techniques in the valuation of real property as expressed in this circular and in accordance with existing State law.

(15) Provision for itemizing the fee per parcel within the agreement or by a separate statement.

(16) Provision for updating reports at the request of the Sponsor.

(17) Provision for execution of a certification statement. (See appendix 3 as an example for the Certificate of Appraiser.)

(18) Pertinent civil rights assurances.

(19) Properly executed signature and dates.

30. REVIEW OF APPRAISAL REPORTS.

a. **Responsibility.** It is the responsibility of the Sponsor to review all appraisal and specialty reports of real property to be acquired in connection with federally assisted airport projects and to establish an amount which it believes to be just compensation for such acquisitions before the initiation of negotiations or the exercise of the power of eminent domain. The appraisal fee should not be paid prior to acceptance by the review appraiser. In addition, Federal participation will be withheld on appraisals not meeting criteria set forth in this circular.

b. **Estimate of Just Compensation by Reviewing Appraiser.** The Sponsor will have a qualified reviewing appraiser that will recommend the amount of just compensation to be offered an owner for the acquisition of real property. In recommending the amount of just compensation to be offered an owner, the reviewing appraiser should consider all pertinent value information that is available. On the basis of additional value information subsequently available to him, the reviewing appraiser may, at any time prior to settlement, adjust his estimate of just compensation. All estimates by a reviewing appraiser are to be documented and retained as a part of the project or parcel files.

c. **Appraisal Review.** Procedures for reviewing real estate appraisals should be as follows:

(1) The reviewing appraiser will field inspect the property appraised and the comparable sales considered by the appraiser(s) in arriving at either or both, as appropriate, the fair market value of the whole property and of the remainder(s). If a field inspection is not made the file will contain the reason.

(2) The reviewing appraiser will examine the appraisal reports to determine that they:

(a) Are complete in accordance with paragraph 23.

(b) Follow accepted appraisal principles and techniques in the valuation of real property in accordance with existing state law.

(c) Contain or make reference to the information necessary to explain, substantiate and thereby document the conclusions and estimates of value and/or just compensation identified therein.

(d) Include consideration of compensable items, damages and benefits, but do not include compensation for items, damages and benefits noncompensable under State law.

(e) Contain an identification or listing of the buildings, structures and other improvements on the land as well as the fixtures which the appraiser considered to be a part of the real property to be acquired.

(f) Contain the estimated fair market value for or resulting from the acquisition, and where appropriate, in the case of a partial acquisition, either in the report or in a separate statement, a reasonable allocation of the estimate of the fair market value for the real property acquired and for damages to remaining real property.

(3) Prior to finalizing his estimate of just compensation, the reviewing appraiser will request and obtain corrections or revisions of appraisal reports which do not substantially meet the requirements set forth in paragraph 23. These will be documented and retained in the parcel file.

(4) The reviewing appraiser may supplement an appraisal report with corrections of minor mathematical errors where such errors do not affect the final value conclusion. He may also supplement the appraisal file where the following factual data has been omitted:

(a) Owner's and/or tenants' names.

(b) Parties to transaction, date of purchase and deed book reference on sale of subject property and comparables.

(c) Statement that there were no sales of subject property in past 5 years.

(d) Location, zoning or present use of subject property or comparables.

(5) The reviewing appraiser will initial and date his corrections and/or factual data supplements to an appraisal report.

(6) The reviewing appraiser will place in the parcel file a signed and dated statement setting forth:

(a) His estimate of just compensation including, where appropriate, his allocation of compensation for the real property acquired and for damages to remaining real property, and an identification or listing of the buildings, structures and other improvements on the land as well as the fixtures which he considered to be a part of the real property to be acquired, if such allocation or listing differs from that of the appraisal(s).

(b) That as a part of the appraisal review there was or was not a field inspection of the parcel to be acquired and the comparable sales applicable thereto. If a field inspection was not made, he will state the reason(s).

(c) That he has no direct or indirect present or contemplated future personal interest in such property or in any monetary benefit from its acquisition.

(d) That his estimate has been reached independently, without collaboration or direction, and is based on appraisals and other factual data.

(e) His value estimate of items compensable under state law but not eligible for Federal reimbursement, if any.

d. **Review of Specialty Reports.** Procedures for reviewing speciality reports should be as follows:

(1) When a separate valuation of machinery, equipment or other specialty items is required and when the acquiring agency has retained the specialist, it should have his report reviewed by a reviewing appraiser or other specialist before it's distribution to the fee or staff appraisers. The individual responsible for the review should field inspect the property. If a field inspection is not made, the file will contain the reason(s).

(2) Before distribution to the appraisers, the reviewing appraiser or other specialist will examine the reports to determine that they:

(a) Are complete in accordance with the requirements of paragraph 26.

(b) Follow accepted principles and techniques for the valuation of the subject of the report.

(c) Contain the information necessary to explain, substantiate, and thereby document the conclusions and estimates of value contained therein.

(d) Include consideration of compensable items and do not include compensation of items noncompensable under State law.

(3) Each acceptable estimate prepared by a specialist retained by the Sponsor will be made available to all appraisers for analysis and incorporation into their appraisal reports to the extent deemed appropriate by the individual appraiser. The appraiser should be instructed not to arbitrarily add the value of individual items to the valuation of other realty, but he should consider them to the extent of their contributory value in establishing the value of the whole property. An exception to the requirements of this paragraph is permitted where the Sponsor, in special cases, elects to have a reviewing appraiser, knowledgeable in both disciplines represented, analyze and incorporate into a final estimate of just compensation the separate reports on the real property and the specialty items.

(4) In those instances when a fee appraiser has retained a specialist and incorporated the specialist's report in his appraisal report, the review of the "package" will be in accordance with the applicable review requirements in this circular.

31–39 RESERVED.

ACQUISITION OF REAL PROPERTY

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Chapter 3. ACQUISITION OF REAL PROPERTY

40. **GENERAL.** This chapter provides guidance for the acquisition of real property on an ADAP/FAAP project. Acquisition by negotiation is the process by which the Sponsor makes every reasonable effort to acquire real property by other than condemnation action. Generally, negotiations are to be accomplished by staff or fee negotiators. Federal participation will not be allowed in the cost of property acquired if the negotiations are carried on by the same person who prepared the real estate appraisal or reviewed thereof. Offers by property owners to sell or donate their land will be processed in the same manner as any other property to be acquired.

41. **NEGOTIATIONS.**

a. **Negotiation Policy.** Negotiation policy, when acquiring real property for a federally assisted airport project is as follows:

(1) The Sponsor will make every reasonable effort to acquire real property by negotiated purchase.

(2) The Sponsor must not take an action which is coercive in nature in order to compel agreement on price.

(3) The Sponsor will make a prompt offer to purchase the property to be acquired for the full amount of the approved just compensation established.

(4) When negotiations are initiated, the owner will be provided a written statement concerning the proposed acquisition as stated in subparagraph c below.

(5) If improvements or fixtures considered as realty are being separately acquired under State law, and the owner of the land involved disclaims all interest in improvements of the tenant, a separate written offer will be provided to the tenant.

(6) The full amount of the approved just compensation will be paid to the property owner or will be made available to him by deposit in court, or otherwise made available, prior to the Sponsors taking physical possession of the property or requiring that the property be vacated by the property owner.

(7) As soon as practicable after the date of payment of the purchase price or the date of deposit in court of funds to satisfy the award of compensation in the condemnation proceeding, whichever is earlier, the Sponsor will reimburse the owner to the extent it deems fair and reasonable for expenses necessarily incurred for:

    (a) Recording fees, transfer taxes, and similar expenses incidental to conveying such real property;

    (b) Penalty costs for prepayment of any preexisting recorded mortgage entered into in good faith encumbering such real property; and

    (c) The pro rata portion of real property taxes paid by the owner which are allocable to a period subsequent to the date of vesting title with the Sponsor or the effective date of possession of such real property by the Sponsor, whichever is earlier.

The above expenses may be set forth on the closing statement furnished to the property owner.

(8) To the greatest extent practical, no person lawfully occupying real property will be required to move from a dwelling or to move his business or farm operation without at least 90 days written notice to vacate in accordance with existing relocation procedures.

(9) If the acquisition of only part of a property would leave the owner with an uneconomic remnant, the Sponsor will offer to acquire that remnant regardless of its present or potential estimated fair market value or the fact that such parcel may have value to a potential purchaser.

    (a) An uneconomic remnant is a parcel of land remaining in fee ownership as a result of a partial acquisition of a property that has little or no utility or value to the owner.

    (b) The size or fair market value of such a parcel is not to be considered as the basic criteria for determination of "uneconomic". Rather, if such parcel would have little or no utility or value to the owner, the parcel is to be considered an "uneconomic remnant".

(c) Where there are two or more parcels remaining as a result of the partial acquisition, each parcel is to be considered on its own merits for the determination of "uneconomic". Consequently, if one of the remaining parcels is considered to be "economic" to the owner in the after condition, the Sponsor will not be required to offer to acquire such parcel. If the "economic" parcel is acquired, Federal participation will not be permitted under the existing grant agreement.

b. **Initiation of Negotiation.** The initial offer to purchase the real property will be in the following manner:

(1) The Sponsor will make a prompt offer to purchase the property to be acquired. At the first personal contact where price is discussed, the negotiator will offer the property owner, in writing, the established just compensation which will not be less than the approved appraisal. This first offer should be within 30 days of the establishment of just compensation. The relocation and acquisition brochure will also be provided at this time.

(2) The written offer will be signed, dated, and contain or be accompanied by a written summary statement of the basis for the amount established as just compensation. The summary statement will include, but need not be limited to, those items as stated in subparagraph c below.

(3) Whenever the taking is revised, a personal contact will likewise be made for the purpose of presenting a revised written offer and summary statement to the property owner or to his legal representative.

(4) When the fair market value is revised solely on the basis of new appraisal data and the taking is not changed, an additional summary statement is not required but the revised offer must be confirmed in writing.

(5) Procedures should be established that provide the property owner a reasonable period of time to consider the offer and obtain professional advice or assistance. Normally a 30-day period will suffice.

c. **Summary Statement of the Basis for Just Compensation.** The Sponsor is to furnish to each owner of a separately held compensable interest in the real property to be acquired, a written summary statement of the basis for the amount established as just compensation for such property. The statement will be furnished, along with the written offer to purchase, to the owner at the initiation of negotiations (the first time price is discussed) and will include the following:

(1) An accurate legal description and location identification of the real property and the interest therein to be acquired.

(2) An inventory identifying the buildings, structures, fixtures, and other improvements, including appurtenant removable building equipment, which are considered to be part of the real property for which the offer of just compensation is made. (For the purpose of defining the real property, any building, structure, fixture, or other improvement that would be real property if owned by the owner of the land will be considered to be real property notwithstanding the right or obligation of a tenant, such as against the owner of any other interest in the real property, to remove such improvement at the expiration of his term.)

(a) In the case of commercial, industrial, institutional, governmental, or farm property, the statement should contain, or include as an attachment, a property analysis which shall identify the owner of each item of the inventory which is not owned by the owner of the land.

(b) In the case of properties involving any questions as to the ownership or the classification of items as real or personal property, the property analysis should be completed before the appraisals are made.

(c) To prevent misunderstanding as to what is considered to be real or personal property, the property analysis may identify the type and approximate quantities of personal property not to be acquired but located on the premises.

(3) A recital of the amount of the offer and a statement that such amount is the full amount believed by the Sponsor to be just compensation for the property.

(4) A statement that the Sponsor's determination of just compensation is not less than its approved appraisal of the fair market value of the property.

(5) A statement that the Sponsor's determination of just compensation for the property (real) to be acquired is based on its inspection of the property and its consideration of independently prepared appraisal(s) for the property by competent professional appraisers.

(6) The definition of "fair market value" (or other equivalent term if more appropriate in the State involved) recognized by the eminent domain courts of the State and used by the Sponsor and its appraisers in making their determinations of value. If only part of the property of an owner is to be acquired (or the interest to be acquired in the property is less than the full interest of the owner), the statement should also explain the basis for the determination of just compensation in such case; e.g. the amount by which the fair market value of the entire property of the owner exceeds the fair market value of the remainder.

(7) Statement (unless it has been determined by the Sponsor with the concurrence of FAA that it would be contrary to State law) that any decrease or increase in the fair market value of the real property to be acquired (or the entire property of the owner in the case of a partial taking) prior to the date of valuation caused by the public improvement or project for which the property is to be acquired, or by the likelihood that the property would be acquired for such improvement or project, other than that due to physical deterioration within the reasonable control of the owner, has been disregarded by the Sponsor and its appraisers in making their determinations of the fair market value of such property.

(8) Statement that the appraisals and determination of just compensation do not reflect any consideration of or allowance for any relocation assistance and payments which the owner is entitled to receive under title II of the Uniform Act or for the Sponsor's agreement to pay certain settlement costs.

(9) If only a portion of a property is to be acquired, a separate statement (which should be identified as being for information purposes only and as not constituting the basis for the Sponsor's determination of just compensation) allocating the total estimated just compensation for the partial taking, first, to an amount representing estimated just compensation for the real property to be acquired, which compensation will be the amount considered to be the fair market value of the part or interest to be acquired as part of the whole property, and second, to an amount representing any net damages or benefits to the remaining property.

(10) If there are separately held interests in the real property to be acquired (such as easements, leaseholds, tenant owned improvements, life estates, and water, gas, oil or mineral rights), the statement will include an apportionment based on the appraisals and the Sponsor's appraisal review of the total just compensation to each such separately held interest to be acquired.

(11) If any buildings, structures, fixtures, or other improvements comprising part of the real property have been identified as being the property of a tenant who has the right or obligation to remove them at the expiration of his term, the total just compensation for the real property, including the property of such tenant, will be apportioned to the landowner and to the tenant so that the amount apportioned to the tenant's improvements and interest in the real property will be the greater of:

  (a) The fair market value of the tenant's leasehold estate in the property;

  (b) The amount which the tenant's improvements contribute to the fair market value of the real property to be acquired; or

  (c) The fair market value of the tenant's improvements for removal from the real property.

The basis on which the Sponsor established the value and just compensation for each tenant's interest will be identified as to whether it represents the fair market value of the tenant's leasehold, the contributive value of the real property or the value for removal from the real property.

d. **Negotiation Contacts.** Each property owner should be contacted in the following manner:

(1) A negotiator will personally contact each resident property owner or his representative, explain the effect of the acquisition, and offer the approved amount for the property to be acquired. The mere sending of an offer letter to a resident property owner is not sufficient to meet the personal contact provisions unless all reasonable efforts have been expended in an attempt to arrange a personal meeting.

(2) A nonresident property owner may be contacted as above or the Sponsor may initially contact the owner by certified (or registered) first class mail. The future course for negotiations should be developed in a reasonable manner which is acceptable to both parties. Such letters should embody to the extent possible the same information that would be presented in a personal contact.

e. **Owner Retention.** Except in areas where the relocation of the building would not be feasible or consistent with planned urban development, the owner of improvements or appurtenances on lands being acquired will be allowed the option of retaining his improvements or appurtenances at a retention value predetermined by the Sponsor. This predetermination should normally be made prior to the start of negotiations.

f. **Records of Negotiation.** The negotiator will maintain adequate records of negotiation on a parcel basis. The record will be written in permanent form and completed within a reasonable time after each contact with the property owner. The information should include, but is not limited to, the date and place of contact, persons present, offers made (dollar amounts), counteroffers, reasons settlement could not be reached and any other pertinent data. Each contact should be independently recorded. The report will be signed and dated by the negotiator.

(1) When negotiations are successful, a signed statement is to be prepared by the negotiator that the written agreement embodies all considerations agreed to between the negotiator and the property owner and that agreement was reached without coercion of any type.

(2) When negotiations are unsuccessful, the negotiator should record his recommendations for whatever action he considers appropriate along with any additional informtaion essential to further processing of the acquisition.

(3) Upon completion of negotiations, the above records are to become a part of the Sponsor's file.

g. **Negotiators.** Negotiations should be conducted by qualified personnel employed by the Sponsor.

(1) A negotiator will not negotiate for the acquisition of any parcel where he was involved in preparation of the real estate appraisal or the determination of just compensation.

(2) In exceptional cases when determined necessary by the Sponsor and prior concurrence is given by the FAA, qualified private individuals and firms may be employed for negotiation purposes. The employment of fee negotiators is to be by written contract, agreement, or assignment letter approved in advance by an FAA represenative. The amount of the fee should be established on a parcel basis and not determined on a percentage of fair market value. The fee should be reasonable for the work contemplated. Fee negotiator contracts or agreements should contain the following provisions and clauses:

(a) Date of agreement,

(b) The complete name and address of each party to the agreement whether individual, partnership, firm or corporation. If a corporation is one of the parties, the State in which it is incorporated will be shown,

(c) Identity of the person(s) who will render the negotiation services,

(d) Description of the work to be done in sufficient detail to show the nature and extent of the services contemplated,

(e) Provision for the negotiator to testify in court if the need arises,

(f) Specifications as to the content and format of negotiation reports,

(g) Data to be furnished the negotiator by the Sponsor,

(h) Time of beginning and completion of the work,

(i) The basis of payment for the services to be furnished,

(j) Provisions that would permit mutual acceptance of major revisions in the scope, character or estimated total cost of the work to be performed if such changes become necessary as the work progresses,

(k) The following provision: "The negotiator warrants that he has not employed or retained any company, firm or person, other than a bona fide employee working solely for the negotiator to solicit or secure this agreement, and that has not paid or agreed to pay any company, firm or person, other than a bona fide employee working solely for the negotiator, any fee, commission, percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award or making of this agreement. For breach or violation of this warranty, the Sponsor will have the right to annul this agreement without liability".

(l) Provision that would permit termination of the agreement by the Sponsor in case the negotiator is not complying with the terms of the agreement, the progress or quality of work is unsatisfactory, or for other stated reasons,

(m) Provisions covering the return to the sponsor of all working papers, plans, records, schedules, etc., in the event of termination of the agreement by the Sponsor,

(n) Provision for a procedure for resolving any dispute concerning a question of fact in connection with the work not disposed of by agreement between the parties, conforming to the practice followed by the Sponsor in resolving disputes in other contractual matters,

(o) An expressed prohibition against the subletting or transfer of any of the work,

(p) Instructions that the negotiator is to follow procedures, principles, and techniques in negotiation of real estate in accordance with existing Sponsor procedures as accepted by FAA,

(q) Provision for a disclaimer of any past, present or contemplated future personal interest in any of the properties included in the proposed contract or agreement,

(r) The clauses set forth in the civil rights assurances,

(s) Properly executed signatures and dates.

42. **ADMINISTRATIVE SETTLEMENTS.** An administrative settlement is any settlement made, or authorized to be made, by a responsible employee of the Sponsor in excess of the Sponsor's approved just compensation prior to transfer of the parcel to legal authority for further handling.

a. **Basis for an Administrative Settlement.** A designated Sponsor representative may make an administrative settlement when it is determined that such action is in the public interest. However, indiscrimate use of the method is not implied, nor is litigation to be avoided only because of the cost of trial or when circumstances indicate otherwise. In arriving at a determination to make an administrative settlement, the designated representative should carefully review the parcel file giving full consideration to all pertinent information including:

(1) The appraiser's opinion of value,
(2) Just compensation as recommended by the reviewing appraiser,
(3) Recent court awards for similar type property,
(4) The negotiator's recorded information,
(5) The estimate of trial cost,
(6) The opinion of legal counsel.

b. **Documentation.** The Sponsor's file is to be appropriately documented whenever an administrative settlement is made. In all instances the reasoning for the settlement should be set forth in writing. However, it is recognized that the extent of written explanation is a judgmental determination and should be consistent with the situation, circumstances and the amount of money involved. The file will indicate that the approved amount was established prior to any agreement with the owner. Such approval may be oral with subsequent written verification by the responsible Sponsor representative placed in the file prior to payment.

c. **Noncompensable Items.** Should the settlement include the payment of items considered as noncompensable under Federal law, the amounts paid for such items will be established and excluded from the Sponsor's claim for Federal participation in the settlement.

43. **CONDEMNATION AWARDS.** When it becomes apparent that negotiations have reached an impasse and sufficient time has elasped for the property owner to make a decision (normally 6 to 12 months from grant agreement) the Sponsor should take the necessary action to file for condemnation and complete the land acquisition as quickly as legal proceedings permit.

a. **Disposition of Condemnation Cases.** It is recognized that after an acquisition is referred to legal counsel in charge of representing the Sponsor in condemnation litigation, counsel is responsible for subsequent negotiations, the selection of trial witnesses, and settlement and appeal determinations; and he may select witnesses, settle, proceed to trial, or make an appeal on the basis of his evaluation of each case as a lawsuit in eminent domain. There should however be consultation and exchange of views between counsel and the Sponsor's representative having final authority over acquisition matters, or their designees, prior to the settlement of any case for an amount substantially different from the established just compensation or any other decision which substantially affects the disposition of a case.

b. **Condemnation Settlements.** Where a settlement is made substantially in excess of the established just compensation, the file is to contain the following supporting information:

(1) A signed statement by the attorney who handled the case describing his reasons for the settlement with supporting data as appropriate.

(2) A signed statement by the chief administrative officer of the airport authority indicating his concurrence in whole or in part; and if in part, his reasons therefor.

c. **Condemnation Awards.** Where an award, after contested trial on the merits, is substantially in excess of the high amount testified to by the Sponsor, Federal participation will generally be permitted in the award providing that the amount of the award is considered reasonable based on facts disclosed by the report suggested below and does not include elements of value, damage or costs not eligible in eminent domain proceedings. If an award is substantially in excess of the established just compensation, disregarding elements of damage not eligible, Federal participation will not be allowed in the difference unless there is supporting documentation in the parcel file to include the following:

(1) A trial report by the trial attorney including but not limited to the following information:

 (a) Caption of case,

 (b) Approved just compensation,

 (c) Appraisal valuations and dates,

 (d) Date and place of trial,

 (e) Brief factual report of the trial including range of value testimony, major issues, and differences in approaches to value,

 (f) A description of the major differences, if any, in approaches to value among the Sponsor's witnesses and those of the landowner,

 (g) An explanation for the difference, if any, between the approved just compensation and the Sponsor's high testimony.

 (h) Comments on possible legal error in the record and explanation of the attorney's action regarding motions, objections, etc., and the court's legal rulings thereto.

(2) Recommendations of the trial attorney regarding the possible success in requesting a new trial, remittitur and/or appeal and his reasons therefor.

(3) A signed statement by the Sponsor in which he approves or concurs in the action of the trial counsel.

d. **Litigation Expenses.** Payment of litigation ex-expenses will be as follows:

(1) If any one of the three following conditions exist, the Sponsor will reimburse the owner for his reasonable costs, disbursements and expenses, including reasonable attorney fees, appraisal and engineering fees for necessary services that were actually incurred:

 (a) If the acquiring Sponsor starts a condemnation action, but the court decides that the Sponsor does not have authority to acquire the property by condemnation.

 (b) If the acquiring Sponsor starts a condemnation action and abandons it.

 (c) If the owner successfully maintains, by judgmental award or by settlement, an inverse condemnation suit or similar proceeding. An inverse condemnation is where an owner brings suit against a Sponsor to prove that the Sponsor has taken compensable property rights without payment of just compensation.

(2) There is no obligation for the Sponsor to reimburse the property owner for legal, appraisal, or other expenses when condemnation action is consummated in favor of the Sponsor, unless otherwise required by State law.

(3) Federal participation in settlement and litigation expenses will be handled on a case-by-case basis depending on the Sponsor's compliance with its commitments to accomplish airport development under an ADAP/FAAP project and documentation that the Sponsor has followed proper action in the processing of the case.

44. **FUNCTIONAL REPLACEMENT.** Generally the amounts to be paid for lands or improvements in public use or ownership should be justified in the same manner and to the same extent as though the acquisition involved a private use or ownership. An exception to the foregoing would be when the Sponsor requests and can, pursuant to State law, incur costs for the functional replacement of lands or improvements in public use or ownership. In such instances, Federal funds may participate in justifiable costs incurred pursuant to State law, provided it is demonstrated and FAA concurs that functional replacement is necessary to obtain the land or its use and preserve and protect the public interest.

a. **Description.** Functional replacement means the replacement of real property acquired as a result of an ADAP/FAAP project with lands or facilities, or both, which will provide functionally equivalent utility.

b. **Types of Public Property.** Property meeting the following standards may be considered for functional replacement:

(1) Lands and facilities owned by any State, county, city, municipality or other governmental entity which are devoted exclusively to public use.

(2) Lands and facilities in quasi-public or private ownership where:

(a) The lands or facilities or their services are enjoyed by the general public without limitation or restriction. Limitations on services to specified areas or jurisdictions may be an exception to this condition so long as the area served and the service rendered contributes to the general benefit of the overall community.

(b) The owner is a nonprofit entity that renders public services more or less essential to the general public safety or well being, and is organized, controlled or chartered to render such service.

(c) Replacement of such lands or facilities will not result in unnecessary duplication of or competition with existing publicly owned facilities which provide essentially the same service.

c. **Federal Participation.** Federal participation under this policy requires that:

(1) Applicable State law permit the Sponsor to incur functional replacement costs,

(2) The FAA concurs with the Sponsor and owner determination that functional replacement is necessary to preserve and protect the public interest, and that FAA approval has been given prior to incurrence of costs involved.

(3) The functional replacement actually takes place and costs of replacement are actually incurred by the public agency or other owner whose property is being replaced.

d. **Cost Participation.** Functional replacement cost is considered to be that cost which is necessary to replace the land and/or facility being acquired with its functional equivalent. Costs of betterments and enlargements, except for those necessary to replace the utility and those required by law, local codes, or standards for similar facilities, will not be eligible for Federal participation.

(1) Federal funds may be used to participate in replacement costs on the following basis:

(a) The functional replacement cost of the buildings, structures or other real property improvements required to be replaced.

(b) The market value of the land to be acquired when the owning party has land on which to relocate the facilities, or the reasonable cost of acquiring a substitute site where lands in the same ownership are not available or suitable for use in relocating the facilities, or where no other lands are owned by the party or agency.

(2) All replacement sites and construction will be in compliance with existing codes, laws or standards for the area in which the facility is to be located.

(3) Where it is found that the fair market value of the property to be acquired (as determined through the appraisal process) exceeds the cost of functional replacement, Federal funds may participate in the fair market value amount.

45–49 RESERVED.

RELOCATION ASSISTANCE — GENERAL

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CHAPTER 4. RELOCATION ASSISTANCE—GENERAL

50. **GENERAL.** Relocation assistance is necessary to insure the prompt and equitable relocation and reestablishment of persons, businesses, farm operations and nonprofit organizations displaced as a result of airport development. The Uniform Act and implementing regulations are intended to establish a means of providing relocation assistance so that a few individuals do not suffer disproportionate injuries as a result of programs designed for the benefit of the public as a whole.

51. ORGANIZATION REQUIREMENTS FOR ADMINISTRATION OF RELOCATION ASSISTANCE PROGRAMS.

a. **Relocation Personnel.** Each airport project where relocation will occur should have assigned to it one or more individuals who will have the primary responsibility of administrating relocation assistance.

b. **Local Relocation Office.** A local relocation office will be designated or established which is reasonably convenient to public transportation or within walking distance of the project when the Sponsor determines that the volume of work or the needs of the displaced persons justify the designation or establishment of such an office. The determination of whether or not to establish a local relocation office will be submitted to the appropriate FAA official for his approval. These offices will be open during hours convenient to the persons to be relocated, including evening hours when necessary. Individuals manning the local relocation office should be familiar with the problems of the area. In areas where a language other than English is predominant, public information should be made available in the predominant language.

c. **Information To Be Maintained.** The following should be maintained to assist the displaced person in his relocation:

(1) Lists of replacement dwellings available, without regard to race, color, religion or national origin, drawn from various sources, suitable in price, size and condition for individuals and families,

(2) Current and continuing lists of comparable commercial properties and locations for displaced businesses,

(3) Current information as to security deposits, closing costs, typical downpayments, interest rates, and terms for residential real property in the area,

(4) Maps showing the location of schools, parks, playgrounds, shopping, and public transportation routes in the area where applicable,

(5) Schedules and costs of public transportation where applicable,

(6) Copies of a brochure explaining the relocation program, local ordinances pertaining to housing, building codes, open housing, consumer education literature on housing, shelter costs, and family budgeting,

(7) Subscriptions for apartment directory services, neighborhood and metropolitan newspapers, etc. In addition, multiple listing services shall be maintained where available.

d. **Coordination With Other Agencies.** Relocation officials will maintain personal contact and will exchange information with other agencies providing services useful to persons being relocated. Such agencies may include social welfare agencies, urban renewal agencies, redevelopment authorities, public housing authorities, the Department of Housing and Urban Development, Veterans Administration, and Small Business Administration. Personal contacts should also be maintained with local sources of information on private replacement properties, including real estate brokers, real estate boards, property managers, apartment owners and operators, home building contractors, and State highway departments.

52. **PUBLIC INFORMATION.** To insure that the public has adequate knowledge of the relocation program, the Sponsor will present information and provide opportunity for discussion of relocation services and payments at public hearings, distribute a relocation brochure and give full and adequate public notice of the relocation assistance program.

a. **Public Hearings.** When the Sponsor has afforded an opportunity for a public hearing as required in section 16(d) of the Airport and Airway Development Act of 1970 (Public Law 91-258) and displacement of persons are involved, the following relocation information will be presented at the hearing:

(1) Eligibility requirements, payment procedures and limitations for moving expenses and replacement housing,

(2) A description of the expenses incidental to to transfer of property that will be paid,

(3) Appeal procedures,

(4) A description of how relocation assistance and services will be provided,

(5) The address and telephone number of the Sponsor and the name of the employee in charge of relocation,

(6) The identity, local address, and telephone number of any other cooperating agency,

(7) An estimate of the number of individuals, families, businesses and farm operations to be relocated,

(8) The estimated number of dwelling units presently available to meet the replacement housing needs, and

(9) An estimate of the time necessary for relocation and the number of comparable replacement dwellings that will become available during that period.

The extent of the presentation should depend on the comprehensiveness of the brochure. If the brochure covers a particular item in detail, it is sufficient to merely highlight what the brochure contains. If a particular item is not applicable to the project, it is not necessary to discuss the item in detail.

b. **Relocation Brochure.** The Sponsor will distribute a relocation brochure that explains the relocation program. The brochure will be distributed free of charge at all public hearings and given to any prospective displaced person upon request.

c. **Public Announcements.** The Sponsor will, within 15 days after the initiation of negotiations on the project, post notices of acquisition in adequate numbers and in places accessible to occupants of dwellings to be taken for the project. In addition, an adequate number of advertisements will be run in newspapers normally read by occupants of dwellings to be taken. The posted notices and newspaper advertisements will:

(1) State the date of initiation of negotiation established for the project;

(2) Define the area of the project;

(3) Advise occupants of such area of their eligibility for, and their right to receive, moving and replacement housing payments;

(4) Advise that any occupant contemplating moving should, to insure eligibility for moving and replacement housing payments, notify the Sponsor before moving;

(5) Advise that owner-occupants, in order to be eligible for relocation benefits, must sell to the Sponsor; and

(6) State where the brochure describing the relocation program may be obtained.

53. RELOCATION PROGRAM PLAN.

a. **Preliminary Requirements.** Before an airport sponsor begins to acquire real property for an ADAP project, it will make preliminary investigations required by FAR 152, the Uniform Act and implementing regulations. Information from these investigations, to be included in the "Environmental Impact Assessment Report" and submitted with the Preapplication for Federal Assistance, will be used to determine:

(1) The estimated number of individuals, families, businesses, farms and nonprofit organizations that are to be relocated.

(2) The probable availability of decent, safe and sanitary replacement housing within the financial means of the individuals and families affected. If the findings disclose that available comparable decent, safe and sanitary dwellings will be insufficient to meet the displacement need of the project, a description of the actions proposed to insure that the necessary dwellings will be available in advance of any displacement will be necessary.

(3) A statement of the displacement problems involved at each identifiable location, along with possible solutions.

(4) A statement of the basis upon which the above findings were made.

(5) The assurances in appendix 1 will also be included in the Preapplication for Federal Assistance.

b. **Relocation Plan.** The Sponsor cannot proceed with negotiations on a project which will cause the relocation of any person until the Sponsor has submitted and the FAA has approved a relocation plan. The plan will include:

(1) An inventory of the characteristics and needs of individuals and families to be displaced based on the standards of comparable replacement housing indicated in paragraph 5b. This inventory may be based upon a sampling survey process rather than a com-

plete occupancy survey. The Sponsor may utilize recent census or other valid recent survey data to assist in preparing the inventory. However, any sampling survey process will be to the depth necessary to be fully representative of the characteristics and needs of the displaced persons.

(2) An estimated inventory of currently available comparable replacement dwellings which sets forth for each dwelling the type of house or building, state of repair, number of rooms, type of neighborhood, proximity of public transportation, schools and commercial shopping areas, and distance to any pertinent social institutions, such as religious and community facilities. The inventory must be in sufficient detail so that comparable replacement housing can be matched against the needs of the displaced persons.

(3) An analysis and correlation of the above information which will:

   (a) Discuss relocation problems and possible solutions if the project divides or disrupts an established community and the impact on the human environment in which the project will be located. This will include racial/ethnic, age and income considerations.

   (b) Provide an estimate of the business and farm operations to be displaced and the effect of their displacement on the economy of the area involved.

   (c) Provide an analysis of Federal, State, and community programs currently in operation in the project area which will affect the availability of housing.

   (d) Provide detailed information on concurrent displacement and relocation by other governmental agencies or private concerns.

   (e) Describe the methods to be used to help displaced persons relocate.

   (f) Explain the amount of lead time necessary to carry out a timely, orderly and humane relocation program.

54. RELOCATION CONTRACT PROCEDURES.

a. **Relocation Functions Performed by Another Agency.** To prevent unnecessary expenses and duplication of activities, the Sponsor should:

(1) Consider using the facilities, personnel and services of the central relocation agency for the area in which the project is located. The appropriate regional area office of the Department of Housing and Urban Development (HUD) will provide information concerning the services furnished by that agency; or

(2) Contract with a public or private agency having an established organiaztion for providing relocation services other than the central relocation agency, if:

   (a) There is no central relocation agency in the area in which the project is located; or

   (b) In the opinion of the Sponsor, the central relocation agency does not have the capacity to furnish the requisite relocation program within the time required by the project's schedule.

b. **Agencies Providing Relocation Assistance.** The Sponsor will furnish to the FAA the following information concerning the agency which will provide the relocation assistance required.

(1) **Name.** The name and location of the agency.

(2) **Qualifications.** An analysis of the agency's present workload and of its ability to perform the requirements of this memorandum,

(3) **Personnel.** The estimated number and job titles of relocation personnel of the agency that will provide the relocation assistance for the project. The Sponsor should determine that the agency does in fact have a staff to adequately and properly perform the functions required by the contract or agreement.

c. **Contracting Procedures.** Where a Sponsor elects to have the relocation services and/or payments administered by another Federal, State, local governmental, or private agency having an established organization, it will enter into a written contract or agreement to that effect with the agency it selects. The contract or agreement must have prior approval by the FAA and will include the following:

(1) **Perform Services and Make Payments.** Obligate the agency to perform the relocation assistance advisory services and/or make relocation payments in accordance with the Uniform Act and OST imple-

menting regulations which have been identified and described herein,

(2) **Retention of Records.** Provide that the records required by paragraph 55 will be retained by the agency administering the relocation program or turned over to the Sponsor. The records shall be retained for a period of not less than 3 years after the date of submission of the final expenditure report, regardless of which agency retains them,

(3) **Available for Inspection.** The records will be available for inspection by representatives of the Department of Transportation at any reasonable hour,

(4) **Specify Financial Responsibilities.** Where the contract is with a public agency administering another Federal grant program, the contract should specify the financial responsibilities of each to finance the relocation program required,

(5) **Administrative Costs.** Only those costs chargeable to the ADAP/FAAP project would be eligible for Federal participation,

(6) **Civil Rights.** Contain the civil rights assurances set forth in appendix C of 49 CFR 25 and the requirement of part 21, CFR 49,

(7) **Changes.** Provisions that would permit the negotiations for major changes in the scope, character or estimated total cost of the work to be performed if such changes become necessary,

(8) The following provision: "The agency warrants that it has not employed or retained any company, firm or person, other than a bona fide employee working solely for such agency to provide the necessary relocation assistance and distribution of relocation payments and that it has not paid or agreed to pay any company, firm or person, other than a bona fide employee working solely for the relocation agency, any fee, commission, percentage, gifts or any other consideration, contingent upon or resulting from the award or making of this agreement. For breach or violation of this warranty, the Sponsor shall have the right to annul this agreement without liability."

(9) Provision that would permit termination of the agreement by the Sponsor in case the agency is not complying with the terms of the agreement, the progress or quality of work is unsatisfactory, or for other stated reasons,

(10) Provisions covering the return to the Sponsor of all working papers, plans, records, schedules, etc., in the event of termination of the agreement by the Sponsor,

(11) Provision for a procedure for resolving any dispute concerning a question of fact in connection with the work not disposed of by agreement between the parties, conforming to the practice followed by the Sponsor in resolving disputes in other contractual matters,

(12) Provision for a disclaimer of any past, present or contemplated future personal interest in any of the properties included in the proposed contract or agreement,

(13) Properly executed signatures and dates.

d. **Revision or Amendment of Existing Agreement or Contract.** Agreements or contracts in existence with local agencies that do not meet the guides outlined herein must be revised or amended to include the additional requirements described herein as well as those necessary to provide for all the services and payments required by the Uniform Act and regulations implementing it. If terms of the existing agreement or contract do not permit such revision or amendment, supplementary contracts should be executed to provide such requirements.

55. RELOCATION RECORDS.

a. **Relocation Records—General.** The Sponsor will, under the requirements of the Uniform Act and implementing regulations, maintain relocation records showing:

(1) Project and parcel identification,

(2) Names and addresses of displaced persons and their complete original and new addresses and telephone numbers (if available after reasonable effort to obtain this information if displaced person moved without assistance),

(3) Personal contacts made with each relocated person, including for each relocated person:

  (a) Date of notification of availability of relocation payments and services,

  (b) Name of the official offering or providing relocation assistance,

  (c) Whether the offer of assistance in locating or obtaining replacement housing was declined or accepted and the name of the individual accepting or declining the offer,

    - (d) Dates and substance of subsequent followup contacts,
    - (e) Date on which the relocated person was required to move from the property acquired for the project,
    - (f) Date on which the actual relocation occurred and whether relocation was accomplished with the assistance of the Sponsor, referral to other agencies, or without assistance. If the latter, an approximate date for actual relocation is acceptable.
    - (g) Type of tenure before and after relocation,
    - (h) Age and race of displaced persons.
- (4) For displacements from dwelling:
    - (a) Number in family and number of individuals,
    - (b) Type of property (single detached, multifamily, etc.),
    - (c) Fair market value of the dwelling or monthly rent being paid,
    - (d) Number of rooms occupied.
- (5) For relocated buinsesses:
    - (a) Type of business,
    - (b) Whether continued or terminated,
    - (c) If relocated, distance moved (estimate acceptable),
- (6) For relocated farms:
    - (a) Whether continued or terminated,
    - (b) If relocated, distance moved (estimate acceptable).

b. **Moving Expense Records.** The Sponsor will maintain records containing the following information regarding moving expense payments:

- (1) The date the removal of personal property was accomplished,
- (2) The location from which and to which the personal property was moved,
- (3) If the personal property was stored temporarily, the location where the property was stored, the duration of such storage and justification for the storage and storage charges,
- (4) Itemized statement of the costs incurred supported by receipted bills or other evidence of expense,
- (5) Amount of reimbursement claimed, amount allowed and an explanation of any differences,
- (6) Data supporting any determination that a business cannot be relocated without a substantial loss of its existing patronage and that it is not part of a commercial enterprise having at least one other establishment not being acquired by the Sponsor,
- (7) When an "in lieu of moving" payment is made to a business or farm operation, data showing how the payment was computed,
- (8) When moving expense payments are made in accordance with a schedule, the data called for in (3) and (4) above need not be maintained. Instead, records showing the basis on which payment was made shall be maintained.

c. **Replacement Housing Payment Records.** The Sponsor will maintain records containing the following information regarding replacement housing payments:

- (1) The date of the Sponsor's receipt of each application for such payments,
- (2) The date on which each payment was made or the application rejected,
- (3) Supporting data explaining how the amount of the supplemental payment to which the applicant is entitled was calculated,
- (4) A copy of the closing statement to support the purchase price or downpayment, and incidental expenses when housing is purchased.
- (5) A copy of the Truth in Lending Statement provided by the lending or mortgage institution or other data including computations to support the increased interest payment.
- (6) The individual responsible for determining the amount of the replacement housing payments will place in the file a signed and data statement setting forth:
    - (a) The amount of the replacement housing payments,
    - (b) His understanding that the determined amount is to be used in establishing payments under the terms of a grant agreement for an ADAP/FAAP project.
    - (c) That he has no direct or indirect present or contemplated personal interest in this transaction nor will derive any benefit from the replacement housing payment,

(7) A statement by the Sponsor that in its opinion the relocated person has been relocated into adequate replacement housing.

d. **Records Available for Inspection.** The relocation records must, under the Uniform Act and implementing regulations, be available at reasonable hours for inspection by representatives of the Department of Transportation who have an interest or responsibility in matters relative thereto.

56–59 RESERVED.

RELOCATION SERVICES

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CHAPTER 5. RELOCATION SERVICES

60. **GENERAL.** Sponsors will establish a relocation assistance advisory program in order to provide the maximum assistance possible to persons required to relocate because of an ADAP/FAAP project. The services described herein are intended to assist Sponsors to aid persons in relocating to decent, safe and sanitary housing that meets the displaced person's needs. The services will be provided by personal contact under the requirements of the Uniform Act and implementing regulations. If personal contact cannot be made, the Sponsor will document the file to show that reasonable efforts were made to achieve the personal contact.

61. **ADVISORY SERVICES.**

a. **Eligibility.** Relocation assistance advisory services will be offered to:

(1) All persons occupying property to be acquired,

(2) All persons occupying property immediately adjacent to the real property acquired if the Sponsor determines that such person or persons are caused substantial economic injury because of the acquisition,

(3) All persons who, because of the acquisition of real property used for a business or farm operation, moves his personal property from such other real property.

b. **Minimum Advisory Service Requirements.** The sponsor's relocation advisory service program will include, as a minimum, such measures, facilities or services as may be necessary or appropriate to:

(1) Discuss and explain the services available, relocation payments and the eligibility requirements.

(2) Assist displaced persons to complete applications required for payments.

(3) Determine the needs of persons affected for relocation assistance.

(4) Provide current and continuing information on the availability, prices and rentals of comparable decent, safe and sanitary sales and rental housing, and of comparable commercial properties and locations for displaced businesses and farm operations.

(5) Assist each individual or family to obtain and move to a comparable replacement dwelling.

(6) Supply information concerning Federal and State housing programs and other programs offering assistance to displaced persons.

(7) Provide other advisory services to displaced persons in order to minimize hardships to such persons in adjusting to a new location.

The amount of the advisory services and extent should be administered on a reasonable basis commensurate with the displaced person's needs.

c. **Refusal of Assistance.** A displaced person can refuse relocation services and still be eligible for payments. There is no requirement that he accept the services if he wants to relocate on his own. However, it would be necessary that he meet the decent, safe, and sanitary requirements and make application within the time limits to qualify for replacement housing payments. If the displaced person refuses relocation payments, the Sponsor must obtain a notarized statement from such person stating that relocation services were made available to him and that relocation payments were explained.

62. **WRITTEN NOTICES.** The following described written notices should be furnished each displaced person to insure that he is fully informed of the benefits and services available:

a. **Notice of Intent To Acquire.** This type notice is to be furnished to owners and tenants, along with the relocation brochure, when the Sponsor establishes eligibility for relocation benefits prior to the initiation of negotiations for acquisition of the parcel.

(1) This notice will not be issued prior to the FAA approval of the written project assurances and authorization to proceed with negotiations on the project, or acquisition of individaul parcels solely for protective buying or because of hardship.

(2) The notice will contain the statement of eligibility and any restrictions thereto, the anticipated date of the initiation of negotiations for acquisition of the property and how

additional information pertaining to relocation assistance payments and services can be obtained.

(3) If a notice of intent to acquire is furnished an owner, it will also be furnished to his tenants within 7 days.

(4) If a notice of intent to acquire is furnished a tenant, the owner will be simultaneously notified of such action.

b. **Notice of Displacement.** The Sponsor should serve personally, or by certified or registered first-class mail, return receipt requested, a written notice to each prospective displaced person.

(1) **Owner-Occupants of More Than 180 Days.** At the initiation of negotiations for the parcel, the owner will be furnished:

  (a) A written explanation of the eligibility requirements to receive payments for replacement housing, increased interest costs, incidental expenses and of the displaced person's option to rent replacement housing unless such explanations are adequately covered in the brochure. In addition, the displaced person will be provided an explanation of the relocation services available and where they may be obtained.

  (b) The brochure.

(2) **Owner-Occupants of Less Than 180 Days, But Not Less Than 90 Days.** At the initiation of negotiations for the parcel, the owner will be furnished:

  (a) A written explanation of the eligibility requirements to receive payments for replacement housing with the option to receive either a downpayment including incidental expenses to purchase replacement housing and the matching requirements therefor, or the option to rent replacement housing, unless such explanations are adequately covered in the brochure. In addition, the displaced person will be provided an explanation of the relocation services available and where they may be obtained.

  (b) The brochure.

(3) **Tenants.** Within 7 days after the date of initiation of negotiations for the purchase of the dwelling unit occupied, the tenant will be furnished, either by personal contact or certified mail, a written statement which includes:

  (a) The date of initiation of negotiations for the parcel.

  (b) An explanation of the eligibility requirements to receive a rental supplement and of his option to receive a downpayment for the purchase of replacement housing including incidental expenses and matching requirements therefor unless such explanations are adequately covered in the brochure. In addition, tenants will be provided an explanation of the relocation services available and where they may be obtained. Emphasis will be placed on the fact that eligibilty is not complete until the property is purchased. Each tenant to be relocated should be provided a subsequent notice when the Sponsor has control of the property so that he can be assured of his eligibility to receive relocation payments.

  (c) The brochure.

  (d) If the initial information is given by certified mail as allowed above, there should be a personal contact with the tenant within 30 days of the initiation of negotiations for the parcel to furnish any additional explanations necessary. Such contact should be made prior to the 90-day notice to vacate.

(4) **Notice of Replacement Amounts.** In order to provide a positive understanding by the displaced person, the amount of the replacement housing payment to which he is entitled and the pertinent eligibility requirements therefor will be furnished the displaced person in writing. The amount should be computed in accordance with the appropriate instructions and will be for a replacement dwelling unit comparable to that from which he was displaced. It is the Sponsor's responsiiblity to make available a comparable replacement dwelling unit and relocate the displaced person to his original ownership or tenancy status if this is his desire. If alternate or optional housing or ownership/tenancy status is desired by the

displaced person, the Sponsor will be expected to make a reasonable effort to accede to such desire. If such optional housing is available, the replacement housing amount, if any, will be based on the specified option.

(5) **Computation Determination.** The computation for and the amount of the replacement housing payment should be made and the displaced person so informed at a time which will accomplish the following purposes:

- (a) That the housing units used to determine the replacement housing amount are to be selected near the time the displaced person will be actively looking for a replacement dwelling.
- (b) That the amount be computed in a timely manner and given the displaced person within a reasonable period of time from his request, if any.
- (c) In any event, the displaced person will be informed of the maximum amount to which he is entitled at least 90 days prior to the time he is required to vacate.

c. **90-Day Notice To Vacate.** The construction or development of an airport with ADAP/FAAP assistance will be so scheduled that no person eligible for relocation payments and lawfully occupying real property will be required to move from a dwelling or to move his business or farm without at least 90-days written notice of the intended vacation date from the Sponsor having responsibility for such acquistion. Exceptions to this provision will be made only in the case of very unusual conditions. An exception must receive FAA approval before it is granted.

(1) The 90-day notice will not be given until such time as the Sponsor either owns or has control of the property.

(2) The 90-day notice will give a firm specific date by which the displaced person must vacate the property. This date may be extended when conditions warrant, but any extension must be in writing and must give another specific date by which the property must be vacated.

(3) A notice is not required if an occupant moves on his own volition prior to the time the Sponsor gives the 90-day notice.

d. **Notice of Right To Appeal.** All eligible displaced persons should be furnished a written notice of their right to appeal and the procedures for making such appeal. Such notification may be provided by the brochure if procedures are adequately covered therein.

63. **APPEALS.** An applicant for a relocation payment who is aggrieved by a Sponsor's determination as to the applicant's eligibility for payment or to the amount of the relocation payment may appeal that determination in accordance with the procedures established by the Sponsor. Appeal procedures will be approved by the appropriate FAA official. The procedures will insure that:

- a. Each appellant applicant has the opportunity for oral presentation.
- b. Each appeal will be decided promptly and the applicant is informed of the decision in writing.
- c. Each appeal decision will include a statement of the reasons upon which it is based.
- d. The agency retains all documents associated with each appeal.
- e. Each appellant applicant will have a right of final appeal to a higher authority under the procedures established by the Sponsor.

Requests for review of a displaced person's eligibility or payment that result in a revised determination by the Sponsor are not to be considered an appeal and may be handled without resorting to formal appeal procedures. If the request for review is rejected by the Sponsor, the displaced person is to be so advised in writing and of the formal appeal procedure which should be followed.

64–69 RESERVED.

RELOCATION MOVING PAYMENTS

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CHAPTER 6. RELOCATION MOVING PAYMENTS

70. **GENERAL.** A displaced person is eligible for payment of moving and related expenses without regard to the length of time that the occupant inhabited the property from which displacement occurred. A person eligible for a business or farm moving payment may also be eligible for a residential moving payment if the displaced person resides on the business or farm property that is being acquired. No person being relocated in a residential move is to have a moving payment withheld or amounts deducted therefrom to satisfy claims or obligations to others, including the Sponsor.

71. **GENERAL PROVISIONS FOR MOVING AND RELATED EXPENSE PAYMENTS.**

a. **Eligibility.** Following is a description of the criteria for moving payment eligibility.

(1) Any individual, family, business or farm operator is eligible to receive payment for the reasonable expenses of moving his personal property when:

(a) The displaced person is in occupancy at the initiation of negotiations for the acquisition of the real property in whole or in part; or

(b) The displaced person is in occupancy at the time he is given a written notice by the Sponsor that it is its intent to acquire the property by a given date; and

(c) The displaced person moves from the real property or moves his personal property from the real property subsequent to the earliest date established in paragraphs (a) and (b) above; and

(d) The real property is subsequently acquired.

(e) If the move occurs after a written order to vacate is issued, the occupant is eligible even though the property is not acquired.

(2) Where the acquisition of real property used for a business or farm operation which is eligible for a moving payment causes a person to vacate a dwelling or other real property not acquired or to move his personal property from other real property not acquired, the additional expenses of moving such personal property are eligible for the appropriate moving payments, as provided in the Uniform Act and implementing regulations.

(3) Federal funds will not be used for paying the costs of moving expenses of occupants who succeed a displaced person who was in occupancy at the time of initiation of negotiations or who has been given a written notice of intent to acquire.

b. **Distance of Move.** There is no limitation on the distance a displaced person moves either interstate or intrastate. However, Federal participation is limited to moving expenses not to exceed a 50-mile move either interstate or intrastate except when the Sponsor determines, with FAA concurrence, that relocation cannot be accomplished within the 50-mile area. Such exceptions may only be allowed to the nearest adequate and available site.

c. **Where Moved To.** Federal funds may be used to participate in a payment for relocating personal property of a displaced person that is moved onto remaining or other lands owned by the displaced person or his landlord.

d. **Advertising for Bids.** The expenses incurred in advertising for packing, crating and transportation are reimbursable when the Sponsor determines that such advertising is necessary. The advertising should be limited to complicated or unusual moves where advertising is the only method of securing bids.

e. **Cost of Moving Bids.** The expenses incurred by the Sponsor for obtaining bids or estimates of moving expenses are reimbursable, not to exceed two bids per move.

f. **Direct Payment to Mover.** By written prearrangement between the Sponsor, the displaced person, and the mover, the displaced person may present an unpaid moving bill to the Sponsor for direct payment.

g. **Contract With Movers.** A Sponsor may enter into a contract with independent movers on a schedule basis and furnish a displaced person with a list of movers he may choose from to move his property. In such instances, the Sponsor would ordinarily pay the mover.

h. **Hardship.** In hardship cases, arrangements may be made for payment of moving expenses in advance.

i. **Storage.** When an actual expense basis is used and the Sponsor determines that it is necessary for a displaced person to store his personal property for a reasonable period of time not to exceed 12 months, the reasonable cost of such storage would normally be eligible for Federal participation as a part of the moving expenses. Storage of personal property on the property being acquired or on other property owned by the displaced person is not eligible for Federal participation.

j. **Insurance.** The reasonable cost of insurance premiums covering loss and damage of personal property while in storage or transit is eligible for Federal participation. Such insurance coverage should not exceed the reasonable replacement value of the personal property.

k. **Losses in Moving.** The reasonable replacement value of property lost, stolen or damaged (not caused by the fault or negligence of the displaced person, his agent or employee) in the process of moving is reimbursable, where insurance to cover such a loss or damage is not available.

l. **Removal and Reinstallation Expenses.** The expenses of removal, reinstallation, and reestablishment of machinery, equipment, appliances, and other items which are not acquired, including reconnection of utilities to such items, which do not constitute an improvement (except when required by law) to the replacement site, are eligible for reimbursement. Such costs are not applicable to items classified by the Sponsor as real property and retained by the owner through the owner retention process. Prior to payment of any expenses for removal and reinstallation of such property, the owner and the Sponsor should agree in writing that the property is personal property and that the Sponsor is released from any payment for the property as realty. Items required under laws or regulations of the Environmental Protection Agency are not to be included.

m. **Owner Retention.** When an owner retains his dwelling, the cost of moving the dwelling onto remainder or replacement land is not eligible for reimbursement as a part of the cost of moving personal property. However, if the displaced person chooses to use his dwelling as a means of moving personal property in the dwelling, cost of moving personal property is eligible for Federal participation. Payment in these cases would be on a fixed schedule basis.

n. **Claims.** In order to obtain a moving expense payment, a displaced person must file a written claim with the Sponsor on a form provided by the Sponsor for that purpose within 18 months after the date applicant moves, or moves his personal property from the real property. The moving expense payment should be made only after the move has been accomplished, unless the Sponsor finds that a hardship would otherwise result.

o. **Moving of Personal Property.** Whenever it is necessary to move personal property located within the project area as a result of real property acquisition, the Sponsor will be entitled to obtain the ADAP/FAAP aid on the basis of such cost even though the parcel acquired is uninhabited.

p. **Exclusions on Moving Expenses and Losses.** The following expenses are ineligible costs under ADAP/FAAP on "actual moving expenses":

(1) Additional expenses incurred because of living in a new location,

(2) Cost of moving structures, improvements, or other real property in which the displaced person reserved ownership,

(3) Improvements to the replacement site, except when required by law,

(4) Interest on loans to cover moving expenses,

(5) Loss of good will,

(6) Loss of business and/or profits,

(7) Loss of trained employees,

(8) Personal injury,

(9) Cost of preparing the application for moving and related expenses,

(10) Modification of personal property to adapt it to replacement site except when required by law,

(11) Payment for search cost in connection with locating a replacement dwelling.

72. **MOVING PAYMENTS TO INDIVIDUALS AND FAMILIES.** A displaced individual or family eligible under the guides described in paragraph 71a(1) is entitled to receive a payment for moving his personal property, himself, and his family. The displaced person has the option of payment on the basis of actual, reasonable moving expenses, or a moving expense schedule.

a. **Actual Reasonable Moving Expenses.**

(1) **Commercial Moves.** A displaced individual or family may be paid the actual reasonable cost of a move accomplished by a commercial mover. Such expense will be supported by receipted bills.

(2) **Self Moves.** In the case of a self move, the displaced individual or family may be paid actual moving costs if the costs are supported by receipted bills or other evidence of expenses incurred, but such payment may not exceed the estimated cost of moving commercially. The estimated cost may be prepared by a commercial moving company or if qualified, by the Sponsor.

(3) **Cost of Transportation.** The costs of transportation of individuals and families to the new location are also eligible. Such costs may be on a mileage basis, not to exceed 10 cents per mile, or reasonable actual fees if commercial transportation is used and may include special services such as the cost of an ambulance to transport invalid displaced persons. The actual reasonable costs of meals and lodging, when the Sponsor determines that such costs are required because of unforeseen circumstances or practical necessities of the moving operation, are also eligible.

b. **Moving Expense Schedule.** The Federal Highway Administration has established and maintains a schedule of moving expense allowance for each state that is applicable to individuals and families displaced from Federal and federally assisted projects. Sponsors receiving Federal financial assistance through an ADAP/FAAP project will use this schedule. The schedule covers every locality in a state and is based on current local moving costs. The allowance for any individual or family may not be more than $300.

(1) Except as provided in subparagraph (2) below, a displaced individual or family who elects to receive fixed dislocation and moving expense allowances in lieu to payment of actual moving expenses is entitled to:

(a) A dislocation allowance of $200; and

(b) The applicable moving expense allowance specified in the schedule of moving expense allowance for the locality in which displacement occurs.

(2) Two or more individuals, not a family, who occupy the same dwelling, are considered to be a single family for the purpose of this section.

c. **Owner-Occupants of Multi-Family Dwellings.** In addition to the payments for the moving of personal property, himself and his family from the dwelling unit as described in this paragraph, the owner-occupant of a multi-family dwelling is also eligible to receive business moving payments for the personal property owned by him from other units of the multi-family dwelling.

73. **MOVING PAYMENTS TO BUSINESSES.** The owner of a displaced business eligible in accordance with the guides of paragraph 71a(1) is entitled to receive a payment for actual reasonable moving and related expenses. In lieu of receiving a payment for actual expenses and losses, a displaced business may be eligible for a fixed payment.

a. **Commercial Moves.** The owner of a business may be paid the actual reasonable cost of a move accomplished by a commercial mover. Such expenses will be supported by receipted bills.

b. **Self Moves.**

(1) The owner of a displaced business will prepare a detailed inventory of the items to be actually moved. When the Sponsor can obtain two acceptable bids or estimates from qualified moving firms based on the detailed inventory list, the owner of a displaced business may be paid, without negotiation, an amount equal to the low bid or estimate. When circumstances warrant, the Sponsor may negotiate a lower amount not to exceed the lower of two acceptable bids or estimates. The business may still claim removal and reinstallation expenses.

(2) If such bids or estimates cannot be obtained or if circumstances (such as large fluctuations in inventory) prevent reasonable bidding in the opinion of the Sponsor, the displaced business may be paid for actual reasonable moving costs if the costs are supported by receipted bills or other evidence of expenses incurred. The allowable expenses of a self-move under this provision may include:

(a) Amounts paid for truck and/or equipment hired.

(b) If vehicles or equipment owned by a business being moved are used, a reasonable amount to cover gas and oil, and the cost of insurance and depreciation allocable to hours and/

or days the equipment is used for the move.

(c) Wages paid for the labor of persons who physically participate in the move. Labor costs are to be computed on the basis of actual hours worked at the hourly rate paid, but the hourly rate should not exceed that paid by commercial movers or contractors in the locality for each profession or craft involved.

(d) If a business proposes to use working foreman or group leaders regularly employed by the business to supervise services in connection with the move, the amount of their wages covering time spent in actual supervision of the move may be included as a moving expense.

(3) Where it is estimated that the actual cost of the move would be $1,000 or less, the Sponsor may make its own moving expense finding rather than obtaining bids or estimates from moving firms. The amount of such moving expense finding may be paid the owner of the business upon completion of the move when supported by evidence of actual expenses incurred, if the claim is for a reasonable amount.

(4) Upon completion of a self move, the owner of the displaced business shall certify in his claim for payment that the items listed were actually relocated. Those items that the owner elects not to relocate may be claimed under actual direct losses as described in subparagraph d below. If the items listed on the owner's inventory deviate to any significant extent from the list of items actually relocated, the amount previously agreed to will be revised accordingly.

c. **Low Value, High Bulk Property.** When personal property which is used in connection with the business to be moved is of low value and high bulk (junk, stockpiled sand, gravel, minerals, metals, etc.) and the estimated cost of moving would be disproportionate in relation to the value, the Sponsor may negotiate with the owners for an amount not to exceed the difference between the cost of replacement of comparable item(s) on the market and the amount which would probably have been received for the item(s) on liquidation.

d. **Actual Direct Losses of Tangible Personal Property.** Payments for actual direct losses of tangible personal property are allowed when a person who is displaced from his place of business is entitled to relocate such property in whole or in part but elects not to do so. Payments may only be made after a bona fide effort has been made by the owner to sell the item(s) involved. If the item(s) is sold, the payment should be determined in accordance with the guides described in subparagraph d(1) or d(2) below. If the item(s) cannot be sold, the owner may be compensated in accordance with subparagraph d(3) below. The sale prices, if any, and the actual reasonable costs of advertising and conducting the sale should be supported by a copy of the bills of sale or similar documents and by copies of any advertisement, offers to sell, auction records, and other data supporting the bona fide nature of the sale.

(1) If the business is to be reestablished and an item of personal property which is used in connection with the business is not moved but promptly replaced with a comparable item at the new location, the reimbursement will be the lesser of:

(a) The replacement cost minus the net proceeds of sale.

(b) The estimated cost of moving the item.

(2) If the business is being discontinued or the item is not to be replaced in the reestablished business, the payment will be the lesser of:

(a) The difference between the depreciated value of the item in place and net proceeds of the sale.

(b) The estimated cost of moving the item.

(3) If a bona fide sale is not effected in the manner described in subparagraph d (1) or (2) above because no offer is received for the property, the owner would normally be entitled to the reasonable expenses of the sale. If the owner has the item(s) removed from the property, he would normally receive the estimated cost of moving the item.

(4) When personal property is abandoned with no effort being made by the owner to dispose of such property by sale or by removal as specified in the above subparagraphs, the owner should not be entitled to moving expenses or losses for the items involved.

e. **Actual Reasonable Expenses in Searching for a Replacement Business.**

(1) The owner of a displaced business may be reimbursed for the actual reasonable expenses in searching for a replacement business, not to exceed $500. Such expenses may include transportation expenses, meals, lodging away from home, and the reasonable value of time actually spent in search, including the fees of real estate agents or real estate brokers. In exceptional cases, and with prior approval of the appropriate FAA official, an amount greater than $500 may be authorized when circumstances so require.

(a) All expenses claimed except value of time actually spent in search must be supported by receipted bills.

(b) Payment for time actually spent in search shall be based on the applicable hourly wage rate for the person(s) conducting the search, but will not exceed $10 per hour. A certified statement of the time spent in search and hourly wage rate(s) shall accompany the claim.

74. **FIXED ALLOWANCE IN LIEU OF MOVING AND RELATED EXPENSES.** In lieu of moving and related expense payments, an owner of a discontinued or relocated business is eligible to receive a payment equal to the average annual net earnings of the business except that such payment shall not be less than $2,500, nor more than $10,000, providing the following requirements are met:

a. **Sponsor Determination.** For the owner of a business to be entitled to this payment, the Sponsor will determine that:

(1) The business cannot be relocated without a substantial loss of its existing patronage. Such determination should be made by the Sponsor only after consideration will be given to the following:

(a) An anticipated significant loss of present clientele of the displaced business.

(b) A significant loss of net income as determined by comparing the estimated net income of the business for the 12-month period after relocation with the net annual income of the business during the two taxable years immediately preceding the actual displacement. Some of the situations to take into consideration that may create a significant loss of net income are:

1. The displaced business occupied rented quarters and the only replacement sites are for sale but not within the financial capabilities of the displaced business. The same situation could occur even though the original business quarters were owned.
2. Substantial additional expense for the move which may not be compensable such as down time during the move, the need to borrow additional capital, the inability of the business owner to secure additional financing, the need to use other business resources for a new plant, and any other related costs of this nature.
3. The business may be located in an area of low rentals which permits the owner of a small low-volume business to be competitive with his larger competitors. If the business is required to relocate into a higher rental area, it could incur a substantial loss of customers due to a necessary increase in prices to meet his increased operating costs.
4. The type of business conducted by the displaced person.
5. The nature of the clientele of the displaced business.
6. The relative importance of the present and proposed location to the displaced business and the availability of a suitable replacement location for the displaced person. This is most evident in those instances where the displaced owner is either elderly, ill or handicapped. There are many situations, particularly in older neighborhoods, where the owner lives next door or within the same building as his business. A replacement location may not be suitable for these particular

owners if they were required to travel any distance to work.

(2) The business is not part of a commercial enterprise having at least one other establishment not being acquired by the Sponsor which is engaged in the same or similar business.

(3) That during the two taxable years prior to displacement, or during such other period as the Sponsor determines to be more equitable, the business:

  (a) Had an average annual gross receipts of at least $2,000 in value; or

  (b) Had average annual net earnings of at least $1,000 in value; or

  (c) Contributed at least 33⅓ percent of the average gross annual income of the owner(s), including income from all sources, such as welfare.

  (d) If the application of the above criteria obviously creates an inequity in any given case, the Sponsor, with FAA concurrence, may approve the use of other criteria as determined appropriate.

b. **Payment Determination.** The term "average annual net earnings" means one-half of the sum of any net earnings of the business before Federal, State, and local taxes, during the 2 taxable years immediately preceding the taxable year in which the business is relocated.

(1) If the 2 taxable years immediately preceding displacement are not representative, the Sponsor, with prior approval from the appropriate FAA official, may use a 2-year period beginning with 2 years prior to negotiations for the project as a more representative income period. Before using this alternate procedure, it must be determined that the proposed airport development project has been the cause of the outflow of residents, thereby resulting in a decline in net income for the business.

(2) "Average annual net earnings" include any compensation paid by the business to the owner, his spouse, or his dependents during the two year period. In the case of a corporate owner of a business, earnings shall include any compensation paid to the spouse or dependents of the owner of a majority interest in the corporation. For the purpose of determining majority ownership, stock held by husband, his wife, and their dependent children shall be treated as one unit.

c. **In Business Less Than 2 Years.** If the business affected can show that it was in operation for a minimum of 12 consecutive months during the 2 taxable years prior to the taxable year in which it is required to relocate, had income during such period and is otherwise eligible, the owner of a business is eligible to receive the "in lieu of moving" payment. In this situation, the payment will be computed by dividing the net earnings by the number of months the business was operated and multiplying by 12. A taxable year is defined as any 12-month period used by the business in filing income tax returns.

d. **Owner Must Provide Information.** For the owner of a business to be entitled to his payment, the business must provide information to the Sponsor to support its net earnings. City, county, State, or Federal tax returns for the tax years in question are the best source of this information and would be acceptable as evidence of earnings. Any commonly acceptable method could be accepted such as certified financial statements or an affidavit from the owner stating his net earnings providing he grants the Sponsor the right to review the records and accounts of the business. The owner's statement alone would not be sufficient if the amount claimed exceeded the minimum payment of $2,500.

e. **Multifamily Structures.** When multifamily structures reasonably comparable to the structure being acquired are not available, the owner may be entitled to an "in lieu of moving" payment. If a multifamily structure is available that has lesser units than the acquired property, the "substantial loss of existing patronage" determination is based not on the loss of living units but upon the estimated net annual average dollar volume difference in the two structures. If the income is not expected to decrease from that derived on the acquired property, an "in lieu of moving" payment may not be made even though there may be a loss in the number of living units. If the only comparables available are single family dwellings, the owner would be eligible for an "in lieu of moving" payment.

75. MOVING PAYMENTS TO FARM OPERATORS.

a. **Farm Moving Payment.** The owner of a displaced farm operation eligible under guides described in paragraph 71a(1) is entitled to receive payments for actual reasonable moving expenses, actual direct losses of tangible personal property and actual reasonable expenses in searching for a replacement farm as described in paragraph 73.

b. **Fixed Allowance in Lieu of Moving and Related Expenses.** In lieu of the payments described in paragraph 73, any owner of a displaced farm operation is eligible to receive a payment equal to the average annual net earnings of the farm operation except that such payments shall be not less than $2,500 nor more than $10,000 and providing the following requirements are met:

(1) The farm operator has discontinued his entire farm operation at the present location or has relocated the entire farm operation; or

(2) In the case of a partial taking, the operator will be considered to have been displaced from a farm operation if:

  (a) The part taken has met the definition of a farm operation prior to the taking;

  (b) The taking caused the operator to be displaced from the farm operation on the remaining land; or

  (c) The taking caused a substantial change in the nature of the existing farm operation as to constitute a displacement.

  (d) If the use of the above criteria obviously creates an inequity, the Sponsor, with FAA concurrence, may approve the use of other criteria as determined appropriate.

(3) The criteria outlined in paragraphs 74 b, c and d will be used in obtaining the background information and determining the amount of payment.

76. MOVING PAYMENTS—NONPROFIT ORGANIZATIONS.

a. **Nonprofit Organization Moving Payment.** A displaced nonprofit organization is eligible to receive payments for actual reasonable moving expenses, actual direct losses of tangible personal property and actual reasonable expenses in searching for a replacement site as described in paragraph 73.

b. **Fixed Allowance in Lieu of Moving and Related Expenses.** In lieu of the payments described in paragraph 73, the nonprofit organization may be paid $2,500 if:

(1) The nonprofit organization cannot be relocated without a substantial loss of its existing patronage. The term "existing patronage" as used in connection with nonprofit organizations includes the persons, community or clientele serviced or affected by the activities of the nonprofit organization.

(2) It is not part of a commercial enterprise having at least one other establishment engaged in the same or similar business which is not being acquired by the Sponsor.

77. ADVERTISING SIGNS.

a. **Actual Reasonable Moving Expenses.** The owner of a displaced sign may be reimbursed for his actual reasonable moving expenses as described in paragraph 73 a and b. However, if the cost of moving a sign is more than the in-place fair market value of the sign, the Sponsor should consider acquiring the sign as part of the real property unless prohibited by State law.

b. **Actual Direct Losses of Tangible Personal Property.** The owner of a sign may be reimbursed for actual direct losses when he is entitled to relocate the sign but does not do so. The amount of such loss will be the lesser of:

(1) The depreciated reproduction cost of the sign as determined by the Sponsor.

(2) The estimated cost of moving the sign.

c. **Actual Reasonable Expenses in Searching for a Replacement Sign Site.** The owner of a displaced advertising sign may be reimbursed for his actual reasonable expenses in searching for a replacement sign but not to exceed $100. Such expenses may include transportation expenses, meals, lodging away from home and the reasonable value of time actually spent in search, including the fees of real estate agents or brokers. In exceptional cases, and with prior approval of the appropriate FAA official, an amount greater than $100, but not more than $500, may be authorized when circumstances so require.

(1) All expenses claimed except value of time actually spent in search must be supported by receipted bills.

(2) Payment for time actually spent in search will be based on the applicable hourly wage rate for the person(s) conducting the search, but may not exceed $10 per hour. A certified statement of the time spent in search and hourly wage rate(s) should accompany the claim.

d. **Illegal Replacement Site.** An advertising sign that is otherwise eligible for moving payments will not be eligible when it is moved to a site in violation of State, Federal, or local regulations.

e. **Business or Farm Owned Sign.** The provisions of this paragraph do not apply separately to an advertising sign owned by and located on the business or farm being displaced. Such signs, including those eligible under guides described in paragraph 71a(2), are to be considered items of the business or farm and included under guides described in paragraph 73.

78–87 RESERVED.

REPLACEMENT HOUSING PAYMENTS

7

CHAPTER 7. REPLACEMENT HOUSING PAYMENTS

90. **GENERAL.** This chapter describes the requirements governing payment for replacement housing for individuals and families displaced from a dwelling, including condominium or cooperative apartments, acquired for an ADAP/FAAP project. The displaced individual or family is not required to relocate to the same occupancy (owner or tenant) status but has other options according to his ownership status and tenure of occupancy as described in paragraphs 92 through 98. Eligible costs under ADAP/FAAP are limited to one replacement housing payment for each dwelling unit except in the case of multifamily occupancy of a single family dwelling as shown in paragraph 91. No person being relocated in a residential move is to have a replacement housing payment withheld or amount deducted therefrom to satisfy claims or obligations to others, including the Sponsor.

91. **REPLACEMENT HOUSING PAYMENTS—GENERAL.**

a. **Requirement To Receive Payments.**

(1) In addition to the tenure of occupancy provisions, the displaced person is eligible for a replacement housing payment when he purchases and occupies a decent, safe and sanitary dwelling within a 1-year period beginning on the later of the following dates:

(a) The date on which the owner received from the Sponsor final payment for all costs of the acquired dwelling in negotiated settlements; or in the case of condemnation, the date on which the Sponsor deposits the required amount in court for the benefit of the owner; or

(b) The date on which he is required to move by the Sponsor's written notice to vacate.

(2) If the displaced person moves earlier than the date on which he is required to move, the 1-year period will begin on the date of the move.

(3) A displaced person who has entered into a contract for the construction or rehabilitation of a replacement dwelling and, for reasons beyond the displaced person's reasonable control, cannot occupy the replacement dwelling within the time period shown above, shall be considered to have purchased and occupied the dwelling as of the date of such contract. The replacement housing payments under these conditions would be deferred until actual occupancy was accomplished.

b. **Sponsor Inspection for Decent, Safe and Sanitary Housing.** Before making payment to the displaced person, the Sponsor will have inspected the replacement dwelling and determined that it meets the standards for decent, safe and sanitary housing as described in paragraph 5c. The Sponsor may utilize the services of any public agency ordinarily engaged in housing inspection to make the inspection. Such determination by the Sponsor that a dwelling meets the standards for decent, safe and sanitary housing is made solely for the purpose of determining the eligibility of relocated individuals and families for replacement housing payments and is not a representation for any other purpose.

c. **Statement of Eligibility to Lending Agency.** Where a displaced person otherwise qualifies for the replacement housing payments except that he has not yet purchased or occupied a suitable replacement dwelling, the Sponsor, after inspecting the proposed dwelling and finding that it meets the standards for decent, safe and sanitary housing will, upon the purchaser's request, state to any interested party, financial institution or lending agency, that the displaced person will be eligible for the payment of a specific sum provided he purchases and occupies the inspected dwelling within the time limits described in subparagraph a above.

d. **Application for Replacement Housing Payments.**

(1) The displaced person's application for replacement housing payments must be in writing on a form provided by the Sponsor. The application should be filed no later than 6 months after the expiration of the 1-year pe-

riod described in subparagraph a above except that, in condemnation cases, such period should be extended to six months after final adjudication.

(2) In the application the individual or family should indicate that, to the best of their knowledge and belief, the replacement dwelling meets the standards for decent, safe and sanitary housing and that they are eligible for the payment requested. Before any such payments are made to the displaced person, the Sponsor will make a determination that the dwelling is decent, safe and sanitary as described in subparagraph b above.

(3) The payments described in this paragraph may be made directly to the relocated individual or family, or upon written instruction from the relocated individual or family, directly to the lessor for rent or the seller for use towards the purchase of a decent, safe, and sanitary dwelling. In cases where an applicant otherwise qualifies for the replacement housing payments, and upon his specific request in the application, the Sponsor may make such payments into escrow prior to the displaced person's moving.

e. **Advance Replacement Housing Payments in Condemnation Cases.** No property owner should be deprived of the earliest possible payment of the replacement housing amounts to which he is rightfully due. An advance replacement housing payment can be computed and paid to a property owner if the determination of the Sponsor's acquisition price will be delayed pending the outcome of condemnation proceedings. Since the amount of the replacement housing payment cannot be determined due to the pending condemnation proceedings, a provisional replacement housing payment may be calculated by the Sponsor deeming the Sponsor's maximum offer for the property as the acquisition price. Payment of such amount may be made upon the owner-occupant's agreement that:

(1) Upon final determination of the condemnation proceedings, the replacement housing payment will be recomputed using the acquisition price determined by the court as compared to the actual price paid or the amount determined by the Sponsor necessary to acquire a comparable decent, safe and sanitary dwelling.

(2) If the amount awarded in the condemnation proceedings as the fair market value of the property acquired, plus the amount of the provisional replacement housing payment, exceeds the price paid for, or the Sponsor's determined cost of a comparable dwelling, the displaced person will refund to the Sponsor from his judgment an amount equal to the amount of the excess. However, in no event will he be required to refund more than the amount of the replacement housing payment advanced. If the property owner does not agree to such adjustment, the replacement housing payment will be deferred until the case is finally adjudicated and computed on the basis of the final determination using the award as the acquisition price.

f. **Ownership of Replacement Dwelling Prior to Displacement.** Any person who has obtained legal ownership of a replacement dwelling, or land upon which his replacement dwelling is constructed, either before or after displacement, and occupies the replacement dwelling after being displaced, but within the time limit described in subparagraph a above, is eligible for a replacement housing payment if the replacement dwelling meets the standards for decent, safe and sanitary housing. The cost of the land and dwelling at the time of purchase by the displaced person will constitute the "actual cost" in the replacement housing payment determination.

g. **Partial Take.** In determining the amount of a replacement housing payment on a parcel with a partial take acquisition, the following would apply:

(1) Where a dwelling is located on a tract normal for residential use in the area, the maximum replacement housing payment would be determined by subtracting the acquisition price of the property from the estimated selling price of a comparable dwelling on a lot typical for the area.

(2) Where a dwelling is located on a tract larger than normal for residential use in the area, the maximum replacement housing payment would be determined by estimating the value of the dwelling at the present location on a homesite typical in size for the area and deducting this amount from the selling price of a comparable dwelling on a site typical for the area.

h. **Dwelling on Land With Higher and Better Use.** If the acquired dwelling is located on a tract that has a use higher than residential, the maximum amount payable is the probable selling price of a comparable dwelling on a residential tract typical for the area less:

(1) The total acquisition price of the subject dwelling and the land acquired therewith; or

(2) If the land area acquired with the dwelling is larger than normal residential lots, only the prorated value of that area of land equal to a normal residential lot plus the appraised value of the subject dwelling.

i. **Multiple Occupancy of Same Dwelling Unit—Families.** If two or more eligible families occupy the same single family dwelling unit, the following would apply:

(1) For owners, the Sponsor should first attempt to locate an available comparable decent, safe and sanitary dwelling adequate to accommodate the needs of the displaced multiowner occupants of the single family dwelling.

(a) If such a residential dwelling is available for sale on the open market and meets decent, safe and sanitary standards, the multiowner occupants would be eligible for one replacement housing payment. The computation of this payment would be based on the sum of the occupants' combined shares of the acquisition price which may or may not be the total acquisition price. Should the displaced persons voluntarily elect to move separately, and they do in fact relocate into decent, safe and sanitary housing, each would be eligible to receive his share of the acquisition price, plus his pro rata share of the replacement housing payment.

(b) If a comparable decent, safe, and sanitary replacement dwelling is not available for purchase or is not adequate to accommodate the needs of all the displaced occupants, each occupant family is eligible for a replacement housing payment based on housing which is comparable to the quarters privately occupied plus community rooms which have been shared with other occupants. The acquisition price to be used as the basis for the replacement housing computation is that amount each owner-occupant received from the total payment for the acquired dwelling.

(2) For tenants, the Sponsor should first attempt to locate an available comparable decent, safe and sanitary dwelling adequate to accommodate the needs of the displaced multifamily occupants of the single family dwelling.

(a) If such a residential dwelling is available for rent and meets decent, safe, and sanitary standards, the multifamily tenant occupants would be eligible for one rent supplement. The computation of this payment would be based on the total rent paid. Should the displaced tenants voluntarily elect to move separately, and they do in fact relocate into decent, safe, and sanitary housing, each will be eligible for his pro rata share of the rent supplement.

(b) If a comparable decent, safe and sanitary replacement dwelling is not available for rent or is not adequate to accommodate the needs of all the displaced tenant occupants, each occupant family is eligible for a rent supplement based on housing which is comparable to the quarters privately occupied plus community rooms which have been shared with other occupants. The rental amount to be used as the basis for the rent supplement computation is that amount of rent, actual or economic, that was assessed to each displaced tenant family in the acquired dwelling.

j. **Multiple Occupancy of Same Dwelling Unit—Individuals.** If two or more eligible individuals, not a family, occupy the same single family dwelling unit, they are to be considered as one "family" for replacement housing payment purposes. When all individuals do not relocate to decent, safe and sanitary housing, the Sponsor will determine and pay those individuals who do relocate into decent, safe and sanitary housing a pro rata share of the appropriate payment that would have been received if all individuals had relocated together in the same ownership or rental status as they had at the time of initiation of negotiations.

k. **Joint Residential and Business Use.** Where displaced individuals or families occupy living quarters on the same premises as a displaced business, farm or nonprofit organization, such individuals or families would be considered separate displaced persons for purposes of determining entitlement to relocation housing payments.

1. **Owner-Occupant of Multifamily Dwelling.** The procedure for computing replacement housing payment amounts to owners of multifamily dwellings who occupy one unit should be as follows:

(1) The comparable dwelling should be the same as that acquired; i.e., if the acquired property is a triplex, then the comparable should be a triplex. If comparables are not available, then structures of the next lowest density must be used. If there are not any available comparable multifamily structures to be found, then the comparison of the owner's living unit would be to a single family residence. A higher density structure would not be acceptable as a comparable.

(2) The value of the owner's unit is to be used as the base for the replacement housing payment determination, not the entire fair market value of the acquired property. The replacement housing payment determination is that difference, if any, between the value of the owner's living unit and the value of a living unit on the most comparable available property. If the comparable is a triplex, the replacement housing payment is based on the value of only one of the three units; if a duplex, the payment is based on only one of the two units; if a single family dwelling, the payment is based on the entire value of the dwelling. The other living units of a multifamily dwelling cannot be included in the value of a comparable because these are considered as income producing and not part of the owner's personal living area.

92. REPLACEMENT HOUSING PAYMENTS FOR OWNER-OCCUPANT OF 180 DAYS OR MORE WHO PURCHASES.

a. **General.** A displaced owner-occupant of a dwelling may receive additional payments, the combined total of which may not exceed $15,000 for the additional cost necessary to: (1) Purchase replacement housing, (2) compensate for the loss of favorable financing between the existing mortgage and the financing necessary on the replacement housing, and (3) reimburse the owner for incidental expenses incident to the purchase of replacement housing when such costs are incurred as specified herein.

(1) The owner-occupant is eligible for such payments when:

(a) He is in occupancy at the initiation of negotiations for the acquisition of the real property, in whole or in part; or

(b) He is in occupancy at the time a written notice is given by the Sponsor that is its intent to acquire the property by a given date; and

(c) Such occupancy has been for at least 180 consecutive days immediately before the initiation of negotiations for the property or the issuance of a written notice of intent to acquire the property by a definite date; and

(d) The property was acquired from the owner by the Sponsor; and

(e) He purchased and occupied a replacement decent, safe and sanitary dwelling within the time period specified in paragraph 91a.

(f) If the owner-occupant meets the above described eligibility requirements, he may receive these payments if the Sponsor issues an order to vacate even though the property is not acquired.

b. **Replacement Housing Payment.**

(1) The replacement housing payment is the amount, if any, when added to the amount for which the Sponsor acquired the owner's dwelling equals the actual amount the owner is required to pay for a decent, safe, and sanitary dwelling or the amount determined by the Sponsor as necessary to purchase a comparable replacement dwelling, whichever is less.

(2) The Sponsor will determine the amount necessary to purchase a comparable decent, safe, and sanitary dwelling by the following methods:

(a) The Sponsor may determine the probable selling price of a comparable dwelling by analyzing at least three comparable dwellings representative of the dwelling unit to be acquired which are available on the private market and meet decent, safe, and sanitary standards. Less than three comparables may be used for this determination when additional comparables are not available and the Sponsor documents the parcel file to this effect. If feasible, selection of comparables and computation of the payment should be by a qualified employee other than the appraiser or review appraiser on the parcel involved. The selected comparables must be the most nearly comparable and equal to or better than the subject property. No adjustment will be made to the asking price of the selected comparables, and if a dwelling is obviously over priced in relation to other comparables, it may not be used in the replacement housing payment computation.

(b) The Sponsor may establish a schedule of probable selling prices of comparable dwellings in the various types of dwellings being acquired. Such schedule will be prepared from an analysis of the probable selling prices of dwellings available on the market and will be periodically updated to reflect current probable selling prices. Such schedules will be coordinated with other government agencies involved in displacement in the same community or area so as to assure uniformity in the schedule prices.

(c) As an alternate to the above methods, the Sponsor may develop a different method of determining the probable selling price of comparable dwellings and submit it to the appropriate FAA office for prior approval.

(3) If the displaced person requests assistance in finding replacement housing, he must be offered housing which is comparable and available for purchase within the computed amount. When such housing is no longer available, the Sponsor will determine a new replacement housing amount based on available housing which is equal or better and meets the other comparable criteria.

c. **Increased Interest Payments.** Increased interest payments are provided to compensate a displaced family or individual for the increased interest costs he is required to pay for financing a replacement dwelling. This payment will be based on the amount of the actual cost of the replacement property purchased, but may not exceed the Sponsor's computed cost for a comparable replacement dwelling.

(1) The increased interest payment will be allowed only when both of the following conditions are met:

(a) The dwelling acquired by the Sponsor was encumbered by a bona fide mortgage which was a valid lien on such dwelling for not less than 180 days prior to the established eligibility date described in subparagraph a(1) above.

(b) The mortgage for the replacement dwelling bears a higher rate of interest than the mortgage interest rate on the acquired dwelling.

(2) For payment computation, the amount of increased interest payment should be computed as shown in appendix 6 and in accordance with the following guides:

(a) The monthly principal and interest payment difference caused by the change in interest rates is computed by considering both the existing mortgage and new mortgage. For computation purposes, the amount of the new mortgage or the remaining amount of the existing mortgage, whichever is lesser, is to be used; and the term for the new mortgage or the remaining term on the existing mortgage, whichever is lesser, is to be used. The old and new interest rates are used in each case.

(b) The amount actually paid by the purchaser as points on the amount refinanced, but not to exceed an amount which would have been paid if the original mortgage balance was refinanced, and/or a fee actually charged as an origination or services fee (not to exceed 1 percent of the mortgage amount as shown above) if such fees are normal to real estate transactions in the area, will be added to the computed interest payment.

(c) The interest rate on the mortgage for the replacement dwelling to be used in the computation will be the actual rate, but may not exceed the prevailing interest rate currently charged by mortgage lending institutions in the vicinity.

(d) The discount rate will be the prevailing rate of interest paid on passbook savings account deposits by commercial banks in the general area in which the replacement dwelling is located.

(3) The payment described in this paragraph may be made directly to the relocated individual or family, or upon written instruction from the relocated individual or family, directly to the mortgagee of the replacement dwelling. In cases where an applicant otherwise qualifies for an interest payment, and upon his specific request, the Sponsor may make an advance payment into escrow prior to the displaced person's moving.

(4) On property with partial acquisition only, the following will apply:

(a) Where the dwelling is located on a tract normal for residential use in the area, the interest payment will be reduced to the percentage ratio that the acquisition price bears to the before value; except, the reduction will not apply when the mortgagee requires the entire mortgage balance to be paid because of the acquisition and it is necessary to refinance.

(b) Where a dwelling is located on a tract larger than normal for residential use in the area, the interest payment will be reduced to the percentage ratio that the value of the residential portion bears to the before value. This reduction will apply whether or not it is required that the entire mortgage balance be paid.

(5) The interest payment on multiuse properties will be reduced to the percentage ratio that the residential value of the multiuse property bears to the before value.

(6) If a dwelling is located on a tract where the fair market value is established on a higher and better than residential use, and if the mortgage is based on residential value, the interest payment will be computed as provided in the appropriate paragraphs above. If the mortgage is obviously based on the higher use, however, the interest payment will be reduced to the percentage ratio that the estimated residential value of the parcel has to the before value.

d. **Incidental Expenses.**

(1) The incidental expenses payment is the amount necessary to reimburse the homeowner for the actual costs incurred by him incident to the purchase of the replacement dwelling, excluding prepaid expenses, but does not exceed the costs normally incurred on a comparable replacement dwelling. Such costs may include the following items if normally paid by the buyer:

(a) Legal, closing, and related costs including title search, preparing conveyance contracts, notary fees, surveys, preparing drawings or plats and charges paid incident to recordation.

(b) Lenders, FHA or VA appraisal fees.

(c) FHA or VA application fee.

(d) Certification of structural soundness when required by lender, FHA or VA.

(e) Credit report.

(f) Title policy or abstract of title.

(g) Escrow agent's fee.

(h) State revenue stamps.

(i) Sales or transfer taxes.

(2) No fee, cost, charge or expense is reimbursable as incidental expenses which is determined to be a part of the debt service, or finance charge under the Truth in Lending Act, title I (Public Law 90-321) and Regulation Z issued by the Board of Governors of the Federal Reserve System.

e. **Combined Payments Not To Exceed $15,000.** If an owner-occupant is otherwise qualified for a payment in the manner described in this paragraph but has previously received a payment under procedures described in paragraph 93, the amount of such payment received shall be deducted from the amount to which he is entitled in the manner described in this paragraph. In no event may the combined payments exceed $15,000.

f. **Owner Retention.** The replacement housing payment for a displaced person who has retained his dwelling from the acquired property should be computed in accordance with the guides of the appropriate paragraph below.

(1) If the dwelling is decent, safe, and sanitary, the payment, if any, should be the amount by which the costs to move the retained

dwelling exceeds the acquisition price of the dwelling. The costs to move may include the reasonable costs of acquiring a new site and other expenses incident to retaining, moving the dwelling and restoring it to a condition comparable to that before the move.

(2) If the dwelling is not decent, safe, and sanitary, the payment will be computed as shown above except that the costs to cure the decent, safe, and sanitary deficiencies will be included in the costs to relocate.

(3) The payment so computed for the retained dwelling may not exceed the amount which the owner could have obtained in the manner described in subparagraph b(1) above or, if no comparables are available on which to make such a determination, the cost of a new dwelling adequate to accommodate the displaced person.

93. RENTAL REPLACEMENT HOUSING PAYMENTS TO OWNER-OCCUPANT OF 180 DAYS OR MORE WHO RENTS.

a. **General.** An owner-occupant eligible for a replacement housing payment in the manner described in paragraph 92a who elects to rent a replacement dwelling is eligible for a rental replacement housing payment not to exceed $4,000 for a period not to exceed 4 years.

b. **Computation and Disbursement of Payment.** The payment will be computed and disbursed in accordance with the guides described in paragraphs 96 b, c, and d, except that the present rental rate will be economic rent as determined by market data.

94. REPLACEMENT HOUSING PAYMENTS TO OWNER-OCCUPANT OF LESS THAN 180 DAYS BUT NOT LESS THAN 90 DAYS WHO PURCHASES.

a. **General.** A displaced owner-occupant otherwise eligible under guides described in paragraph 92a, except that the dwelling has been owned and occupied for less than 180 days but not less than 90 consecutive days immediately before the initiation of negotiations for the property or the issuance of a written notice of intent to acquire the property by a definite date, may receive an amount not to exceed $4,000, to enable the displaced person to make a downpayment on the purchase of a replacement dwelling and reimbursement for actual expenses incident to the purchase.

b. **Computation of Downpayment and Incidental Costs.**

(1) The amount of the downpayment to be determined by the Sponsor will be the lesser of:

(a) The amount that would be required as a downpayment for financing a conventional loan on a comparable dwelling; or

(b) The amount required as a downpayment for financing of a conventional loan on the replacement dwelling actually purchased.

(2) To the amount determined will be added the amount required to be paid by the purchaser as points and/or loan origination or loan services fee, if such fees are normal to real estate transactions in the area, on the comparable dwelling or the replacement dwelling, whichever is the lesser.

(3) The expenses incident to the purchase of replacement housing are described in paragraph 92d.

c. **Method of Payments.** Upon purchase and occupancy of a decent, safe, and sanitary dwelling by the displaced person within the time limits described in paragraph 91a, he may be reimbursed:

(1) The full amount of the downpayment determined in b(1) above and the eligible incidental expenses if such total amount does not exceed $2,000; or if more than $2,000,

(2) $2,000, plus 50 percent of the amount in excess of $2,000 providing the displaced person contributes 50 percent of the amount in excess of $2,000. Costs of these payments may be eligible under an ADAP/FAAP project, but not to exceed $4,000.

(3) The full amount of the downpayment will be applied to the purchase price and such downpayment and incidental costs claimed should be shown in the closing statement.

d. **Owner Retention of Dwelling.** If the owner retains the dwelling from the acquired property, the replacement housing payment, if any, should be determined in accordance with the guides described in paragraph 92f (1) an (2) but in no event will such payment exceed $4,000.

e. **Combined Payments Not To Exceed $4,000.** If an owner-occupant is otherwise qualified under the guides described in this paragraph but has previously received a payment under the procedures described in paragraph 95, the amount of such payment made under methods described in paragraph 95 shall be deducted from the amount to which he is entitled under the methods described in this paragraph. In no event may the combined payments exceed $4,000.

95. RENTAL REPLACEMENT HOUSING PAYMENTS TO OWNER-OCCUPANT OF LESS THAN 180 DAYS BUT NOT LESS THAN 90 DAYS WHO RENTS.

a. **General.** A displaced owner-occupant otherwise eligible under guides described in paragraph 92a, except that the dwelling has been owned and occupied for less than 180 days but not less than 90 consecutive days immediately before the initiation of negotiations for the property or the issuance of a written notice of intent to acquire the property by a definite date and elects to rent a replacement dwelling, is eligible for a rental replacement housing payment not to exceed $4,000.

b. **Computation and Disbursement of Payment.** The payment should be computed and disbursed in accordance with the provisions described in paragraph 96 b, c, and d except that the present rental rate shall be economic rent as determined by market data.

96. RENTAL REPLACEMENT HOUSING PAYMENTS TO TENANT-OCCUPANT OF NOT LESS THAN 90 DAYS WHO RENTS.

a. **General.** A displaced tenant is eligible for a rental replacement housing payment, not to exceed $4,000 for a period not to exceed 4 years, when:

(1) He is in occupancy at the initiation of negotiations for the acquisition of the real property, in whole or in part; or

(2) He is in occupancy at the time he is given a written notice by the Sponsor that it is their intent to acquire the property by a given date; and

(3) Such occupancy has been for at least 90 consecutive days immediately prior to the initiation of negotiations; and

(4) The property was subsequently acquired; and

(5) The displaced person rented and occupied a decent, safe and sanitary dwelling within the time period described in paragraph 91a.

(6) If otherwise eligible, the tenant may receive this payment if the Sponsor issues an order to vacate even though the property is not acquired.

b. **Computation of Payment.**

(1) Except as described in (2) below, the payment, not to exceed $4,000 will be determined by subtracting from the amount which the tenant actually pays for a replacement dwelling or, if lesser, the amount determined by the Sponsor as necessary to rent a comparable dwelling for the next 4 years the following amount:

  (a) 48 times the average monthly rental paid by the displaced individual or family during the last three months before the initiation of negotiations or such other appropriate time as may be proper; or

  (b) If such average monthly rental is not reasonably equal to market rentals for similar dwellings, the economic rent as established by the Sponsor should be used.

  (c) The "monthly rental paid" will include any rent supplements supplied by others except when, by law, such supplement is to be discontinued upon vacation of the property.

  (d) At the time the displaced person is actually seeking replacement housing, he will be advised of the maximum amount of the rental replacement housing payment determined on the basis of relocating to a comparable dwelling.

(2) When the average monthly rental being paid by the displaced person, not including supplemental rent by public agencies, exceeds 25 percent of the monthly gross income of such individual or family, the payment, not to exceed $4,000, will be determined by subtracting 12 times the average monthly income of the displaced person from:

  (a) 48 times the monthly rental the tenant actually pays for the replacement unit or, if lesser, the amount determined by the Sponsor as necessary to rent a comparable dwelling if the displaced person relocates into private housing; or

  (b) 48 times the monthly rental the displaced person is required to pay if he relocates in a comparable unit of public subsidized rental housing.

  (c) When a rental replacement housing payment computed under this criteria exceeds $4,000, the selected replacement dwellings may not be classed as comparable. Housing will be made available which is within the financial means of the displaced person.

c. **Sponsor's Determination of Amount Necessary To Rent.** The Sponsor may determine the rental rates of comparable housing by the three comparable methods, a schedule or an approved alternate in accordance with the procedures described in paragraph 92b(2).

d. **Disbursement of Rental Replacement Housing Payments.** The amount of the rental replacement housing payment will be paid in a lump sum, except that it will be paid in installments if the displaced person so requests.

97. REPLACEMENT HOUSING PAYMENTS TO TENANT-OCCUPANT OF NOT LESS THAN 90 DAYS WHO PURCHASES.

a. **General.** A displaced tenant eligible for a rental replacement housing payment under paragraph 96 who elects to purchase a replacement dwelling is eligible to receive an amount, not to exceed $4,000, to enable him to make a downpayment on the purchase of a replacement dwelling including the expenses incident to such purchase.

b. **Computation of Payment.** The payment will be computed in accordance with the guides described in paragraph 94b.

98. REPLACEMENT HOUSING PAYMENTS TO TENANT OF A SLEEPING ROOM OF NOT LESS THAN 90 DAYS.

a. **General.** A displaced tenant of a sleeping room who is eligible for a replacement housing payment in accordance with the guides described in paragraph 96a may receive an amount, not to exceed $4,000, as a rental replacement housing payment or to enable him to make a downpayment on a replacement dwelling in accordance with the following.

b. **Rental Replacement Housing Payment.**

(1) The payment, not to exceed $4,000, will be determined by subtracting from the amount which the tenant actually pays or, if lesser, the amount determined by the Sponsor as necessary to rent a comparable sleeping room for the next 4 years the following amount:

(a) 48 times the average monthly rental paid by the displaced tenant during the last 3 months.

(b) If such average monthly rental is not reasonably equal to market rentals for similar sleeping rooms, the economic rent as established by the Sponsor.

(2) The Sponsor's determination of the amount necessary to rent and the disbursement of the rental replacement housing payments will be as described in paragraph 96 c and d.

c. **Downpayment.** The downpayment amount including the expenses incident to purchase of the replacement dwelling is to be computed in accordance with the provisions of paragraph 94b.

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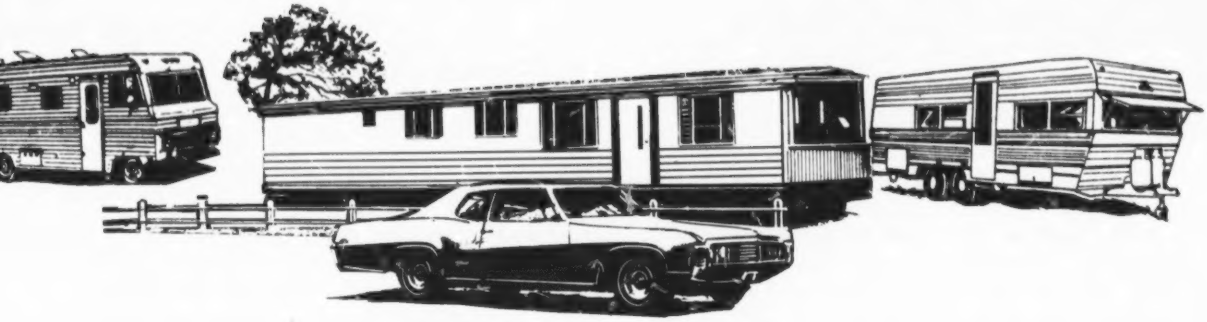


MOBILE HOMES

8

CHAPTER 8. MOBILE HOMES

110. **GENERAL.** This chapter describes the policies and procedures for moving and related expenses and for replacement housing payments to those relocated from mobile homes as a result of displacement by development under an ADAP/FAAP project.

111. **GENERAL ELIGIBILITY REQUIREMENTS.**

a. **Federal Participation—Real Property.** The cost of acquiring a mobile home when it is considered real property under State law is an eligible cost under ADAP/FAAP.

b. **Federal Participation—Personal Property Acquired.** The cost of acquiring a mobile home when it is considered personal property under State law will be an eligible cost under ADAP/FAAP under the following conditions:

(1) The structural condition of the mobile home is such that it cannot be moved without substantial damage or unreasonable cost.

(2) The mobile home is not considered to be decent, safe, and sanitary when measured against the same standards as those for conventional housing, except that the space requirements are reduced to a minimum of 150 square feet of habitable floor space for the first occupant and a minimum of 70 square feet of habitable floor space for each additional occupant and that one means of egress is acceptable.

c. **Partial Acquisition of Mobile Home Park.** Where the Sponsor determines that a sufficient portion of a mobile home park is taken to justify the operator of such park to move his business or go out of business, the owners and occupants of the mobile home dwellings not within the actual taking, but who are forced to move, would be eligible to receive the same payments as though their dwellings were within the actual taking.

d. **Mobile Home as Replacement Dwellings.** A mobile home may be considered a replacement dwelling provided it substantially meets the applicable standards for decent, safe and sanitary dwellings as defined in paragraph 5c.

e. **Computation on Next Highest Type.** When a comparable mobile home is not available, it will be necessary to calculate the replacement housing payment on the basis of the next highest type of dwelling that is available and meets the applicable requirements and standards, i.e., a higher type mobile home or a conventional dwelling.

f. **Mobile Home Park Entrance Fees.** If a mobile home park entrance fee is required to relocate a mobile home, the fee is to be considered in the computation of a rental replacement housing payment when:

(1) The park with the entrance fee is the only comparable park available; and

(2) The fee is not returnable to the tenant such as a security deposit would be.

112. **MOVING PAYMENTS.**

a. **Actual Cost.** Occupants of mobile homes may be reimbursed for the actual reasonable costs of moving the mobile home and/or other personal property in accordance with the guides described in paragraph 72a.

b. **Fixed Payment.** Occupants of mobile homes may receive a moving expense allowance not to exceed $300, plus a dislocation allowance of $200, as outlined in the moving expense schedules maintained by the Federal Highway Administration described in paragraph 72b.

c. **Detach and Reattach Costs.** The cost of moving a mobile home on an actual cost basis may include the cost of detaching and reattaching fixtures and appliances where applicable.

113. **REPLACEMENT HOUSING PAYMENTS FOR OWNER-OCCUPANTS OF MOBILE HOMES OF 180 DAYS OR MORE.**

a. **Replacement Housing Payment.** A displaced owner who has occupied the mobile home for at least 180 consecutive days immediately before the initiation of negotiations for the property or the issuance of a written notice of intent to acquire the property by a definite date, on the site from which displacement occurs and is otherwise eligible under the guides outlined in paragraph 92a is eligible for payments, the combined total of which may not exceed $15,000, for the following items:

(1) The additional costs necessary to purchase replacement housing as described in subparagraphs c, d, and e below and in accordance with the principles described in paragraph 92b.

(2) An amount as determined to compensate the displaced owner for the loss of favorable financing on the existing mortgage in the financing of such replacement housing under guides described in paragraph 92c. A conventional loan on a mobile home would be the type common to a particular area. This could include a chattel mortgage, conditional sales contract or any instrument where contract interest is required to be paid.

(3) An amount to reimburse the owner for incidental expenses incident to the purchase of such replacement housing under guides outlined in paragraph 92d. In addition to those items listed, the incidental expenses may include items such as licenses, transportation, and set-up costs.

b. **Rent Supplement.** A displaced owner-occupant of a mobile home eligible for a replacement housing payment as described above who elects to rent is eligible for a rent supplement, not to exceed $4,000. Such payments may be computed and disbursed in accordance with the methods described in paragraph 96 b, c, and d.

c. **Acquisition of Mobile Home and Site.** The owner-occupant may be reimbursed for the following:

(1) A replacement housing payment will be the amount, if any, when added to the amount for which the Sponsor acquired the displaced person's mobile home and site, equals the lesser of:

(a) The amount the owner is required to pay for a decent, safe, and sanitary conventional dwelling or a decent, safe, and sanitary replacement mobile home and site; or

(b) The amount determined by the Sponsor as necessary to purchase a comparable mobile home and site in accordance with the guides outlined in paragraph 92b.

(2) If the owner elects to rent, the rental replacement housing payment will be 48 times the monthly difference between the economic rent of the subject mobile home and site and the lesser of:

(a) The actual rent paid for the replacement mobile home and site; or

(b) The amount the Sponsor has determined as necessary to rent a comparable mobile home and site.

d. **Acquisition of Site Only.** Upon acquisition of the site, but not the mobile home also owned and occupied by the owner of such site, the following optional payments may be made:

(1) The replacement housing payment will be the amount, if any, when added to the amount for which the Sponsor acquired the owner-occupant's mobile home site equals the lesser of:

(a) The amount the owner is required to pay for a comparable site; or

(b) The amount determined by the Sponsor as necessary to purchase a comparable mobile home site.

(c) In addition, if the displaced person's mobile home is not decent, safe, and sanitary and can be moved but cannot be acquired under State law, he is entitled to all replacement housing payments as if the mobile home were being acquired. The amount determined by the Sponsor as the trade-in value of the displaced person's mobile home on a comparable mobile home will be used instead of "acquisition cost." To be eligible for the replacement housing payment, the displaced person must relocate to a decent, safe, and sanitary mobile home or other living unit; however, the mobile home remains the property of the displaced person.

(d) If the displaced person's mobile home cannot be acquired under State law and cannot be moved without substantial damage or unreasonable cost, he is entitled to all replacement housing payments as if the mobile home were being acquired. The amount determined by the Sponsor as salvage value of the mobile home will be used instead of "acquisition cost."

(e) If a mobile home is personal property, is decent, safe, and sanitary, and can be moved but cannot be acquired under State law, the owner-occupant is only eligible for the appropriate replacement housing payment for the site.

(2) If the owner elects to rent, the rental replacement housing payment will be 48 times the monthly difference between the economic rent of the subject site and the lesser of:

(a) The actual rent paid for the replacement site; or

(b) The amount the Sponsor has determined as necessary to rent a comparable mobile home site.

e. **Acquisition of Mobile Home Only.** Upon acquisition of the mobile home from the owner-occupant who rents the site, the owner may be reimbursed:

(1) A replacement housing payment which will be the amount, if any, when added to the amount for which the Sponsor acquired the displaced person's mobile home equals the lesser of:

(a) The amount the owner is required to pay for a replacement dwelling; or

(b) The amount determined by the Sponsor as necessary to purchase a comparable mobile home, plus 48 times the monthly difference in the amount determined by the Sponsor as necessary to rent a comparable mobile home site for a period of 4 years and the rent paid on the site acquired.

(c) If the displaced person elects, he may be reimbursed on the basis of a downpayment for a mobile home site in lieu of the site rent supplement.

(2) If the owner elects to rent a replacement mobile home, the rent supplement will be 48 times the monthly difference between the economic rent of the subject mobile home and site and the lesser of:

(a) The actual rent paid for the replacement mobile home and site; or

(b) The amount that the Sponsor has determined as necessary to rent a comparable mobile home and site.

114. REPLACEMENT HOUSING PAYMENTS FOR 180 DAY OWNER-OCCUPANTS OF CONVENTIONAL DWELLINGS WHO RELOCATE INTO MOBILE HOMES.

a. **Purchase of a Mobile Home and Site.** An owner-occupant who has occupied a conventional dwelling for at least 180 consecutive days immediately before the initiation of negotiations for the property or the issuance of a written notice of intent to acquire the property by a definite date, and is otherwise eligible under guides outlined in paragraph 92a is eligible for payments, the combined total of which may not exceed $15,000, for the additional costs necessary to purchase replacement housing, compensate for the loss of favorable financing and reimbursement for expenses incident to the purchase of replacement housing.

(1) The replacement housing payment will be the amount, if any, when added to the amount for which the Sponsor acquired the displaced person's dwelling, equals the lesser of:

(a) The amount the Sponsor has determined as necessary to purchase a comparable decent, safe, and sanitary dwelling; or

(b) The amount the displaced person actually paid for a decent, safe, and sanitary mobile home and site.

(2) The interest differential payment and incidental payments should be determined by the same method as shown in paragraph 113a (2) and (3).

b. **Purchase of a Mobile Home and Rental of Site.** An owner-occupant who has occupied a conventional dwelling for at least 180 days and is otherwise eligible under guides outlined in paragraph 92a is eligible for payments, the combined total of which may not exceed $15,000 for the additional costs necessary to purchase replacement housing, compensate for the loss of favorable financing and reimbursement for expenses incident to the purchase of replacement housing.

(1) The replacement housing payment will be the amount, if any, when added to the amount for which the Sponsor acquired the displaced person's dwelling, equals the lesser of:

(a) The amount the Sponsor has determined as necessary to purchase a comparable decent, safe, and sanitary dwelling; or

(b) The amount the displaced owner actually paid for a decent, safe, and sanitary mobile home plus 48 times the monthly difference in the actual rental of the replacement site and the estimated economic rent of a mobile home site in the area of the owner's acquired property.

(2) The interest differential payment and incidental payment will be determined by the same method as described in paragraph 113a (2) and (3).

c. **Rental of a Mobile Home and Site.** An owner-occupant eligible for a replacement housing payment under guides described in paragraph 92a, but elects to rent a replacement mobile home and site is eligible for a rental supplement not to exceed $4,000 for a period of 4 years. The payment would be 48 times the monthly difference between the economic rent of the owner's acquired dwelling and the lesser of:

(1) The actual rent paid for the replacement mobile home and site; or

(2) The amount the Sponsor has determined as necessary to rent a comparable dwelling.

115. REPLACEMENT HOUSING PAYMENTS FOR OWNER-OCCUPANTS OF MOBILE HOMES OF 90 DAYS BUT LESS THAN 180 DAYS.

a. **Optional Payments.** A displaced owner who has occupied the mobile home from which displacement occurs, for 90 days but less than 180 consecutive days immediately before the initiation of negotiations for the property or the issuance of a written notice of intent to acquire the property by a definite date, and who is otherwise eligible under guides described in paragraph 94a is eligible for an amount not to exceed $4,000:

(1) To enable such displaced person to make a down payment on the purchase of replacement housing in accordance with the guides described in subparagraphs b(1), c(1), and d(1) below and reimburse him for the actual expenses incident to such purchase; or

(2) If the displaced person elects to rent, a rent supplement computed in the manner described in paragraphs b(2), c(2), and d(2) below. Such payments are to be computed and disbursed in accordance with the principles outlined in paragraph 96 b, c, and d.

b. **Acquisition of Mobile Home and Site.** The owner-occupant may be reimbursed according to the following:

(1) If the owner purchases a replacement dwelling, the replacement housing payment will be determined in accordance with the methods described in paragraph 94b except that the amount of the downpayment will be determined by the Sponsor as the amount required as a downpayment on the purchase of a comparable mobile home and site.

(2) If the owner elects to rent, the rent supplement will be 48 times the monthly difference between the economic rent of the acquired mobile home and site and the lesser of:

(a) The actual rent paid for the replacement mobile home and site; or

(b) The amount the Sponsor has determined as necessary to rent a comparable mobile home and site.

c. **Acquisition of Site Only.** Upon acquisition of the site but not the mobile home also owned and occupied by the owner of such site, the following optional payments may be made:

(1) If the owner purchases conventional replacement housing or a site to which the mobile home is moved, the replacement housing payment will be an amount computed in accordance with the guides described in paragraph 94b, except that the amount of the downpayment will be determined by the Sponsor as the amount required as a downpayment on the purchase of a comparable mobile home site.

(a) If the displaced person's mobile home is not decent, safe and sanitary and cannot be acquired under State law, he is entitled to all replacement housing payments as if the mobile home were being acquired and he does, in fact, relocate into a decent, safe, and sanitary mobile home or other type of living unit. The mobile home remains the displaced person's property.

(b) If the displaced person's mobile home cannot be acquired under State law and cannot be moved without substantial damage or unreasonable cost, he is entitled to all replacement housing payments as if the mobile home were being acquired.

(2) If the owner elects to rent, the rent supplement will be 48 times the monthly difference between the economic rent of the site acquired and the lesser of:

(a) The actual rent paid for the replacement mobile home site; or

(b) The amount determined by the Sponsor as necessary to rent a comparable mobile home site.

d. **Acquisition of Mobile Home Only.** Upon acquisition of the mobile home from the owner-occupant who rents the site, the following optional payments may be made:

- (1) On the basis of a downpayment:
    - (a) The payment will be determined in accordance with guides outlined in paragraph 94b, except that the amount of downpayment will be determined by the Sponsor as the amount required as a downpayment on the purchase of a comparable mobile home; plus
    - (b) 48 times the monthly difference in the amount determined by the Sponsor as necessary to rent a comparable mobile home site for a period of 4 years and the rent being paid on the site acquired.
    - (c) If the displaced person elects, and mobile home sites are available, he may be reimbursed on the basis of a downpayment for the purchase of a mobile home site in place of renting the site. The downpayment may not exceed the percentage of purchase price common in the area for improved property and will be computed as if the site was fully developed to accommodate the mobile home.
- (2) If the owner elects to rent, the rent supplement will be 48 times the monthly difference between the economic rent of the subject mobile home and site and the lesser of:
    - (a) The actual rent paid for the replacement mobile home and site; or
    - (b) The amount the Sponsor has determined as necessary to rent a comparable mobile home and site.

116. REPLACEMENT HOUSING PAYMENTS FOR 90 DAYS BUT LESS THAN 180 DAYS OWNER-OCCUPANTS OF CONVENTIONAL DWELLINGS WHO RELOCATE INTO MOBILE HOMES.

a. **General.** An owner-occupant who has occupied a conventional dwelling for at least 90 days but not less than 180 consecutive days immediately before the initiation of negotiations for the property or the issuance of a written notice to acquire the property by a definite date, and who is otherwise eligible under guides described in paragraph 94a is eligible for an amount not to exceed $4,000.

b. **Purchase of Mobile Home and Site.** The downpayment amount will be determined by guides described in paragraph 94b, based on a downpayment for a comparable dwelling. The amount of payment may be for either the downpayment on the mobile home, or on the site, or a combination of both. In no event, however, can the payment exceed that as determined by the Sponsor as being necessary to make a downpayment on a comparable conventional dwelling.

c. **Purchase of a Mobile Home and Rents Site.** If the owner-occupant purchases a mobile home and locates it on a rented site, the replacement housing payment will be the actual downpayment on the mobile home plus 48 times the monthly difference between the economic rent on the site acquired and the lesser of:

- (1) The actual rent paid for the replacement mobile home site; or
- (2) The amount the Sponsor has determined as necessary to rent a comparable mobile home site. In no case, however, should the payment exceed that as determined by the Sponsor as being necessary to make a downpayment on a comparable conventional dwelling.

d. **Rental of Mobile Home and Site.** If the owner-occupant rents a mobile home and site, the payment will be 48 times the monthly difference between the economic rent of the owner's acquired dwelling and the lesser of:

- (1) The actual rent paid for the replacement mobile home and site; or
- (2) The amount the Sponsor has determined as necessary to rent a comparable mobile home and site.

117. REPLACEMENT HOUSING PAYMENTS TO TENANTS OF MOBILE HOMES FOR 90 DAYS OR MORE.

a. **General.** A displaced tenant who has occupied the mobile home from which displacement occurs for at least 90 consecutive days immediately before the initiation of negotiation for the property or the issuance of a written notice to acquire the property by a definite date, and who is otherwise eligible under guides described in paragraph 96a, is eligible for a replacement housing payment not to exceed $4,000.

b. **Purchase of a Mobile Home and Site or Conventional Dwelling.** If the displaced tenant purchases a replacement dwelling, the replacement housing payment will be determined in accordance with the guides described in paragraph 94b, except that the amount of the downpayment will be determined by the Sponsor as the amount required as a downpayment on the purchase of a comparable mobile home and site.

c. **Purchase of a Mobile Home and Rents Site.** If the displaced tenant purchases a mobile home and locates it on a rented site, the replacement housing payment will be the actual downpayment on the mobile home plus 48 times the monthly difference between the actual rent on the site from which the tenant was displaced and the lesser of:

(1) The actual rent paid for the replacement mobile home site; or

(2) The amount the Sponsor has determined as necessary to rent a comparable mobile home site.

d. **Rental of a Mobile Home and Site or Conventional Dwelling.** If the displaced tenant rents a replacement dwelling, the payment will be 48 times the monthly difference between the actual rent for the mobile home and site from which the tenant was displaced an the lesser of:

(1) The actual rent paid for the replacement living unit; or

(2) The amount the sponsor has determined as necessary to rent a comparable mobile home and site.

118. **REPLACEMENT HOUSING PAYMENTS TO TENANTS OF CONVENTIONAL DWELLINGS FOR 90 DAYS OR MORE WHO RELOCATE INTO MOBILE HOMES.**

a. **General.** A displaced tenant who has occupied a conventional dwelling from which displacement occurs for at least 90 consecutive days immediately before the initiation of negotiation for the property or the issuance of a written notice to acquire the property by a definite date, and who is otherwise eligible under guides described in paragraph 96a, is eligible for a replacement housing payment not to exceed $4,000.

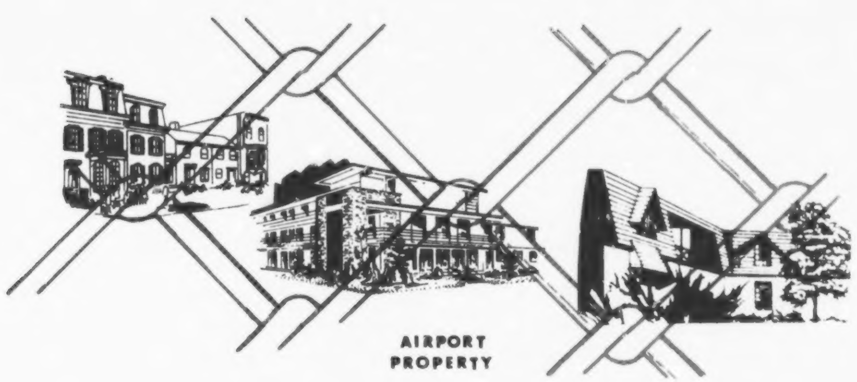
b. **Purchase of a Mobile Home and Site.** If the displaced tenant purchases a mobile home and site, the procedure for determining the downpayment will be the same as described in paragraph 116b.

c. **Purchase of a Mobile Home and Rents Site.** If the tenant occupant purchases a mobile home and locates it on a rented site, the procedure for determining the replacement housing payment will be the same as described in paragraph 116c except that the tenant's actual rent on the property from which displacement occurs will be used in the computation.

d. **Rental of Mobile Home and Site.** If the displaced tenant rents a mobile home and site, the procedure for determining the rent supplement will be the same as described in paragraph 116d except that the tenant's actual rent on the property from which displacement occurs will be used in the computation.

119. **HOUSEBOATS.** The ownership and rental status for houseboats is basically the same as that for mobile homes. When a houseboat is relocated and the displaced person is otherwise eligible to receive relocation payments, such payments will be determined in conformance with the appropriate mobile home ownership or tenant situation as described in the foregoing paragraphs in this chapter.

120–129 RESERVED.


AIRPORT
PROPERTY

PROPERTY MANAGEMENT

9

CHAPTER 9. PROPERTY MANAGEMENT

130. **GENERAL.** Property management, as described herein, relates to the control and administration of lands and improvements acquired for airport purposes from the time title is vested with the Sponsor until the property is used for the purpose acquired. This involves the maintenance and protection of the property acquired, including improvements, the responsibility for occupancy and rental of improved and unimproved lands, and the disposition of improvements by sale or demolition. The guides provided herein should be used by the Sponsor to establish the net cost through the sale and salvage of improvements that have a value reflected in the acquisition cost. The cost of this management, even though necessary to protect the property as suggested herein, such as rodent and pest control and protective measures, are not considered land acquisition costs. However, they may be charged to the returns obtained from the sale or salvage of the improvements in computing a credit to the land acquisition costs.

131. **PROPERTY INSPECTION.** When the Sponsor receives title for each property that has been acquired, it should record a complete description of each improvement, its location and other identification and the terms of occupancy or removal of improvements under the acquisition agreement.

a. **Inspection.** The Sponsor should inspect the property to:

(1) Determine the present condition of the improvements and fixtures acquired;

(2) Determine that all fixtures and equipment acquired remain on the property;

(3) Determine the occupant's plans for vacation of property and make arrangements for final inspection and the taking of physical possession;

(4) Make a preliminary estimate of the sale value of improvements for removal or salvage;

(5) Make a preliminary estimate of demolition costs;

(6) Make a preliminary estimate of the amount of rental to be charged.

b. **Protection of Property.** To provide for protection against vandalism and fire for vacated properties, the Sponsor should:

(1) Have all utilities disconnected;

(2) Clean out other fire hazards;

(3) Post notice of Sponsor ownership;

(4) Notify local police departments.

132. **OWNER RETENTION.** Except in areas where the relocation of the buildings would not be consistent with planned urban development, the owner of improvements or appurtenances on lands being acquired shall be allowed the option of retaining his improvements or appurtenances at a retention value predetermined by the Sponsor preferably by the comparative process with improvements sold at public sale. This predetermination should normally be made prior to the start of negotiations.

133. **RENTAL OF PROPERTY.** If the Sponsor decides to rent the property it has acquired to an owner or a tenant for a period subject to termination on short notice, the Sponsor should:

a. Establish the fair rental for the property on the basis of a uniformly applied rental policy;

b. Prepare rental agreements. When preparing the agreement the Sponsor is encouraged to grant a free rent period of 90 days for those occupants of dwellings acquired under the ADAP/FAAP project.

c. Supervise property and rental collections through term of lease, making sure all conditions of the lease are complied with and that the improvements are vacated in time for clearance from the project area by sale and/or demolition, before construction or other need that requires clearance.

134. **SALE OF IMPROVEMENTS.** Since sale for removal or salvage will generally reflect the greatest return or saving to the project, every effort should be made to utilize this method of clearance. Thus, as soon as a sufficient number of buildings are vacated, they should be scheduled for disposition. At this time the Sponsor should have complete data on the location, description, sale, or salvage

value of each building to be sold. The Sponsor should first attempt to dispose of the buildings by public sale.

a. **Competitive Bids.** Competitive biddings should be obtained through public auction or sealed bids whenever practicable. Established acceptable advertising and bidding procedures should be utilized and acceptance or rejection of the high bid should be subject to approval by the Sponsor. Strict accounting and fiscal controls must be incorporated in the sale procedures and provisions made for adequate performance by the successful bidder. Experience indicates greater benefits are generally received when:

(1) There has been adequate advertising of the sale;

(2) The sale includes a sufficient number of structures to attract buyer interest but not so many as to glut the market;

(3) The buyers are afforded an opportunity to bid on individual buildings or on the basis of taking the entire group offered for sale with the Sponsor retaining the right to accept bids in the manner that will yield the maximum return to the public.

b. **Negotiated Private Sale.** Only when a building fails to sell at public sale should a negotiated private sale of the property be considered. In such instances the reasons for the private sale should be documented and the sale approved by the Sponsor.

c. **Contract Obligation.** Upon acceptance of successful bidders, the Sponsor should follow up to see that all conditions of the sales contract are met. The cost of removal of portions of improvements left by a former owner or purchaser who strips the improvements of all salvable material, forfeits his bond and leaves the Sponsor to remove the shell by force account, demolition contract or as an item in the general contract are not eligible ADAP/FAAP project costs. To do so would result in duplicate reimbursement to the Sponsor for the removal of the buildings. The solution would appear to be to increase the amount of the bond required of the purchaser to where it would cover the cost of the removal of the shell should the purchaser forfeit the bond.

135. **DEMOLITION.** It may be necessary to remove improvements not disposed of by sale prior to the use contemplated when the land was acquired. Preferably, such clearance should be through a separate demolition contract.

a. **Sponsor Obligation.** For proper disposal of remaining improvements on the project site prior to construction or use for which acquired, the Sponsor should:

(1) Obtain or prepare an estimate of the cost of demolition;

(2) Using accepted contracting procedures, advertise and solicit bids for the proposed demolition;

(3) On the basis of Sponsor's estimate of demolition cost, recommend appropriate action on acceptance of bid to the appropriate FAA official if such work is covered by an ADAP/FAAP project;

(4) After an award of contract, perform intermediate and final construction inspections to assure compliance with contract provisions.

b. **Timeliness of Clearance.** The Sponsor should implement procedures to insure that permanently vacated residential improvements are removed or otherwise committed to protective use as early as practicable after they are vacated. This procedure would insure the prompt clearance or protection of nonresidential improvements to avoid vandalism or illegal uses. The prompt clearance of vacated residential improvements where there is no possibility of the premises being reoccupied is necessary to reduce the cost to an acceptable level as well as to protect the public's interest as a matter that involves public safety, esthetics, neighborhood preservation and public health.

c. **Demolition Contract.** Such contracts should be of a size to develop the maximum competition in bidding.

(1) Bid proposals should provide for showing plus or minus bids on each structure to be included in the demolition contract. Only in this manner can the Sponsor be reasonably certain it is receiving credit for any salvage values the buildings may have.

(2) Except in unusual circumstances, there should be no restriction placed on the method used by the contractor to clear the improvement other than local ordinance or other statutory requirements.

d. **Demolition by Project Construction Contractor.** Only when other methods of disposition and clearance fail, or are not feasible, should demolition of improvements be included as a part of the airport construction contract. In this event, the Sponsor should furnish the building description, location and estimated salvage value or demolition cost for inclusion in the construction bid proposal. It is preferred this work be shown as a separate or special item in the bid proposal. Even though included in a regular item, such as clearing and grubbing, a plus or minus bid should be shown for each structure to be included in the contract. Again, this is the only manner in which the Sponsor can be reasonably certain credit is received for salvage value of the buildings. It will also assist in analysis of bids prior to award of contract.

136. **RODENT AND PEST CONTROL.** On all ADAP/FAAP projects, the Sponsor should determine if conditions are such that rodent and pest control measures are necessary. This action should not be necessary on rural projects unless they contain a substantial number of buildings, garbage dumps, landfills, etc.

a. **Inspection.** If the project inspection indicates that rodent and pest control is desirable, action should be taken to eliminate the rodents and pests prior to the demolition or removal of the improvements located within the project area. Where an inspection is required, the files of the Sponsor should contain documentation of the inspection and the decision as to whether or not extermination is necessary. The participation of other interested agencies such as State, county, or city health departments is highly desirable and should be requested.

b. **Procedures.** The Sponsor should submit its proposed procedures for accomplishing the intent of this paragraph to the FAA for review and approval. This submission should state that the procedures comply with all State and local laws and regulations governing rodent and pet control and the method the Sponsor will use to assure the reasonableness of the costs which will be incurred.

APPENDICES

APPENDIX 1. RELOCATION AND REAL PROPERTY ACQUISITION ASSURANCES IMPLEMENTING THE UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970

(A) We the ______________________________, hereinafter referred to as Sponsor, as a condition upon which the United States of America will consider providing financial assistance for an airport development project under the Airport and Airway Development Act of 1970 (Public Law 91-258); and in order to meet the requirements of sections 210 and 305 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646); the regulations of the Secretary of the Department of Transportation entitled "Relocation Assistance and Land Acquisition under Federal and Federally Assisted Programs", (49 CFR part 25, 36 F.R. 9178); the regulations of the "Department of Transportation, Federal Aviation Administration, Airport Aid Program", (14 CFR part 152, 37 F.R. 11014); and other applicable provisions of law do hereby make the following representations and assurances:

1. Sponsor will provide fair and reasonable relocation payments to displaced persons as required by subparts E, F, and G of said part 25;
2. Sponsor will provide relocation assistance programs for displaced persons offering the services described in subpart D of said part 25;
3. Sponsor will adequately inform the public of the relocation payments and services which will be available under subpart D, E, F, and G of said part 25;
4. Comparable replacement dwellings will be available, or provided if necessary, within a reasonable period of time before any person is displaced.
5. Sponsor will fully comply with subpart I of said part 25.
6. Sponsor will adequately inform the public of the acquisition policies, requirements, and payments which will apply to the project with respect to any acquisition of real property to which said part 25 and this agreement apply.
7. Sponsor will not proceed with any phase of a project if that phase will cause the displacement of any person without prior approval of the FAA, and until the Sponsor provides written assurances satisfactory to the FAA that:
   - (a) Based on a current survey and analysis of available replacement housing and in consideration of competing demands for that housing, comparable replacement dwellings will be available within a reasonable period of time prior to displacement equal in number to the displaced persons who require them; and
   - (b) The Sponsor's relocation program is realistic and is adequate to provide orderly, timely, and efficient relocation of displaced individuals and families to decent, safe, and sanitary housing available to persons without regard to race, color, religion, or national origin with minimum hardship to those affected.

(B) With respect to every person who was displaced or from whom real property was acquired after January 1, 1971, and who would have been entitled to any payments or relocation assistance pursuant to the assurances in this agreement had this agreement been in effect at the time of such displacement of acquisition, the Sponsor represents and undertakes as the case may be: (1) That such person has received or will receive all the payments, and has been or will be timely afforded all the assistance and advantages that would have accrued to him under the provisions of these assurances as though he had been displaced or the real property acquired or his entitlements as a tenant accrued subsequent to the date of these assurances; and (2) that the Sponsor has timely performed, or will timely perform all acts that would have been or would still be required of the Sponsor had these assurances been applicable at the times herein identified.

(C) The obligation of the United States under any subsequent Grant Agreement to share in the allowable costs incurred by Sponsor under these assurances shall be subject to all the pertinent and applicable provisions, limitations, and conditions contained in the laws and regulations referred to in these assurances.

(D) The terms used in these assurances have the meanings assigned to them under the acts and regulations set forth in paragraph (A).

It is understood and agreed that the representations and commitments made hereunder shall be made applicable to and incorporated in any Grant Agreement issued on account of or arising out of the Preapplication for Federal Assistance to which these assurances are attached.

Dated: ________________ ________________
Sponsor

________________ by ______________
Witness

CERTIFICATE OF SPONSOR'S ATTORNEY

I ________________________________ acting as attorney for ________________________________ do certify that I have examined the foregoing assurances as are required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646) and as implemented by regulations of the Secretary of the Department of Transportation under part 25 as the same was published in the Federal Register on May 20, 1971, volume 36, No. 98 (49 CFR 25) and I find that the making of said assurances by the Sponsor is within its powers and the execution is in all respects due and proper and in accordance with the laws of the State of ________________ and that in my opinion said assurances constitute a legal and binding obligation on the Sponsor.

Dated at ________________, ________________
this ____________ day of ____________ 19____.

____
(TITLE)

APPENDIX 2. RELOCATION AND REAL PROPERTY ACQUISITION ANNUAL REPORT FORMS

EXHIBIT 1

AGENCY: ______________________

Uniform Relocation and Real Property Acquisition Act of 1970, FY 19___

☐ FEDERAL PROGRAM

PROGRAM: ______________________

PAYMENTS AND EXPENSES UNDER TITLE II

☐ FEDERALLY ASSISTED PROGRAM

PART I	SUMMARY—FISCAL YEAR 19___					PROJECTED FUND REQUIREMENTS			
						For fiscal yr 19___		For Fiscal yr 19___	
	Number of Claims paid (1)	Amount paid (2)	Average payment per claim: Col 2 ÷ Col 1 (3)	Total amount paid from federal funds (4)	Total amount paid contributed non-Federal funds (5)	Federal funds (6)	Contributed non-Federal funds (7)	Federal funds (8)	Contributed non-Federal funds (9)
MOVING AND RELATED EXPENSE (SEC. 202) OR PAYMENT FOR ACTUAL MOVING EXPENSE (SEC. 202a)									
Persons Displaced From:									
1. Dwellings									
2. Businesses									
3. Farms									
4. Non-profit organizations									
OR PAYMENT FOR MOVING EXPENSES BASED ON FIXED SCHEDULE INCLUDING DISLOCATION ALLOWANCE (202b)									
Persons displaced from:									
5. Dwellings									
OR IN-LIEU PAYMENT FOR MOVING EXPENSES (SEC 202c)									
Persons displaced from:									
6. Businesses									
7. Farms									
8. Non-Profit Organizations									
Total (Sum of lines 1–8)									
EXPENSES FOR SEARCH FOR REPLACEMENT (202a(3))									
9. Business*									
10. Farm*									
11. Non-Profit Organization*									
Total (Sum of lines 9–11)									

*Amounts shown for lines 9, 10 and 11 are included in amounts shown on lines 2, 3 and 4 above.

READEX FICHE

AGENCY: ____________________

PROGRAM: ____________________

Uniform Relocation and Real Property Acquisition Act of 1970, FY 19___

PAYMENTS AND EXPENSES UNDER TITLE II

EXHIBIT I (Contd)

☐ FEDERAL PROGRAM

☐ FEDERALLY ASSISTED PROGRAM

	SUMMARY—FISCAL YEAR 19___					PROJECTED FUND REQUIREMENTS			
						For fiscal year 19___		For fiscal yr 19___	
	Number of claims paid (1)	Amount paid (2)	Average payment per claim-Col 2 ÷ Col 1 (3)	Total amount paid from Federal funds (4)	Total amount paid contributed non-Federal funds (5)	Federal funds (6)	Contributed non-Federal funds (7)	Federal funds (8)	Contributed non-Federal funds (9)
PART I (continued)									
REPLACEMENT HOUSING FOR HOMEOWNER (203)									
12. Payment for comparable replacement housing (203a(1)(A))				▨	▨	▨	▨	▨	▨
13. Payment for increased interest (203a(1)(B))				▨	▨	▨	▨	▨	▨
14. Payment for closing costs (203a(1)(C))				▨	▨	▨	▨	▨	▨
Total (Sum of lines 12–14)			▨	▨	▨	▨	▨	▨	▨
REPLACEMENT HOUSING FOR TENANTS AND CERTAIN OTHERS (204)									
15. Rental payments (204 (1))				▨	▨	▨	▨	▨	▨
16. Down payments (204 (2)) (Incl. closing costs)				▨	▨	▨	▨	▨	▨
Total (Sum of lines 15 and 16)			▨	▨	▨	▨	▨	▨	▨
Total (Sum of lines 1–8 and 12–16)			▨						
RELOCATION ADVISORY SERVICES (205)									
17. Cost of services (205)	▨		▨	▨	▨	▨	▨	▨	▨
18. Other Administrative Costs (As applicable) (Total cost of amd. prog)	▨		▨	▨	▨	▨	▨	▨	▨
Total (Sum of lines 17 & 18)	▨		▨						
19. Grand total—Title II (Lines 1–8 and 12–18)									

EXHIBIT I (Contd)

☐ FEDERAL PROGRAM

☐ FEDERALLY ASSISTED PROGRAM

AGENCY:________

PROGRAM:________

Uniform Relocation and Real Property Acquisition Act of 1970, FY 19____

PAYMENTS & EXPENSES UNDER TITLE II

PART II RANGE OF PAYMENTS TO HOMEOWNERS, TENANTS AND CERTAIN OTHERS

FY 19____

REPLACEMENT HOUSING FOR HOMEOWNERS		REPLACEMENT HOUSING FOR TENANTS & CERTAIN OTHERS			
Actual payments for comparable replacement housing		Total rental claims approved		Actual down payments	
Range:	Number of Claims paid	Range:	Number of Claims	Range:	Number of claims paid
$0– 2,500	________	$0– 500	________	$0–1,000	________
2,501– 5,000	________	501–1,000	________	1,001–2,000	________
5,001– 7,500	________	1,001–2,000	________	2,001–3,000	________
7,501–10,000	________	2,001–3,000	________	3,001–4,000	________
10,001–12,500	________	3,001–4,000	________		
12,501–15,000	________				
Total	________	Total	________	Total	________

PART III RESIDENTIAL RELOCATION DISPLACEMENT STATISTICS

*CLAIMANTS DISPLACED DURING FY____

	Negro/Black		Spanish Surnamed		American Indian		Asian American/Oriental		All others		Total all groups	
	Owner	Tenant	Owner	Tenant	Owner	Tenant	Owner	Tenant	Owner	Tenant	Owner	Tenant
Under age 62												
62 and over												
Total												

**PEOPLE DISPLACED DURING FY____

	Negro/Black	Spanish Surnamed	American Indian	Asian American/Oriental	All others	Total all groups
Total						

*Total shown should equal the total number of claims paid reported on lines 1 and 5, Exhibit 1, Part 1

**Report total number of people displaced.

NOTE: Under "Spanish Surnamed" include persons of Puerto Rican, Mexican American, Cuban, Central or South American, or other Spanish descent. Under "Asian American/Oriental" include Chinese, Japanese and Korean. Under "All Others" include white persons not of Spanish descent.

UNIFORM REAL PROPERTY ACQUISITION POLICY – TITLE III

EXHIBIT 2

☐ FEDERAL PROGRAM

☐ FEDERALLY ASSISTED PROGRAM

AGENCY: ____________

PROGRAM: ____________

PART I LAND ACQUISITION (301)

	Number of tracts	Percent of total
1. Acquired by negotiation [1]		(3)
2. Acquired by condemnation [2]		(4)
3. Total (Sum of lines 1 & 2)		100 %

PART II TRACTS FOR WHICH FINAL SETTLEMENTS WERE COMPLETED

	Number of tracts	Appraised value	Option/ award paid	Percent over appraisal	Total amount paid from Federal funds	Total amount contributed non-Federal funds
NEGOTIATED:						
1. a. At appraised value				XXXXXX		
2. b. Over appraised value				(5)		
3. c. Under appraised value				XXXXXX		
Total (Sum of Lines 1, 2 & 3)						
CONDEMNED:						
3. a. Awards at appraised value				XXXXXX		
4. b. Award over appraised value				(5)		
Total (Sum of Lines 3 & 4)				XXXXXX		
Total settlements (Sum of Lines 1 thru 4)				XXXXXX		

PART III INCIDENTAL EXPENSES (303 & 304)

	Number of tracts	Amount paid	Federal funds	Non-Federal funds
1. Recording fees, transfer taxes, penalty costs & real estate taxes (303)				
2. Litigation expenses (304)				
Total (Sum of Lines 1 & 2)				

NOTES:

[1] Negotiated tracts include all tracts acquired by any method other than condemnation for reason of price disagreement.

[2] Include only tracts condemned because of price disagreement.

[3] Divide tracts shown on Line 1 by tracts shown on Line 3.

[4] Divide tracts shown on Line 2 by tracts shown on Line 3.

[5] Divide amount by which the option or award exceeds the appraised value by the appraised value.

INSTRUCTIONS ON THE RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION ANNUAL REPORT

Exhibit I, Part I

Lines 1 through 16.—Claims listed on lines 1 through 16 are those that have been consummated during the past fiscal year after receiving Federal financial assistance. It is immaterial whether the Federal assistance is only a partial payment. The amount paid (col. 2) should be the total amount of the claim regardless of whether the claim has received a partial or total FAA payment. Because of the advance acquisition policy encouraged by ADAP, acquisition and relocation claims may have been paid to the displaced person by the Sponsor some time prior to the fiscal year reporting period, but had not as yet received any Federal participation. Those claims paid by the Sponsor prior to grant agreement should not be reported at this time.

Line 17, Cost of Services, are oftentimes the most difficult to accurately report. Eligible costs would include those that are directly chargeable to a project such as salaries, transportation and related expenses of relocation personnel while working on a project; cost of advertising and/or listing services; cost of contracted assistance services; salaries and other costs of computation of the moving costs and replacement housing payments; costs related to services provided to persons occupying property immediately adjacent to property acquired; costs related to the establishment and maintenance of project offices; the expenses of persons utilized in the inspection of decent, safe and sanitary replacement housing; costs related to the exchange of information and coordination with other agencies, and other such related costs.

Exhibit I, Part II

Actual Payments For Comparable Replacement Housing.—The number of claims shown may or may not be the same number as shown on Line 12 of part I. The number of claims will vary when a replacement housing payment does not have to be paid, but an interest differential payment and/or payment for closing costs has been made.

Total Rental Claims Approved.—The claims shown in this category will reflect the total rent supplement determined for the displaced persons and would be the same as that shown on line 15.

Actual Downpayments.—The claim shown in this category would be the same as that shown on line 16.

As stated in part I above, only those claims as listed in the above three categories that have received Federal financial assistance should be reported.

Exhibit I, Part III

The claimants section is to reflect only the number of claimants and not the total number of people displaced. The total number of people displaced is to be shown on the last table of this section. The displaced persons shown on these two tables should reflect the actual displacements during the reporting period, disregarding the fact of whether the project is or is not under grant agreement. If the Sponsor intends to ask for Federal financial assistance at some future date, the displaced person's move should be reflected.

An explanatory note for the claimants table states that the total shown should equal the total number of claims paid as reported on lines 1 and 5, exhibit I, part I. Totals on these lines may be the same; however, if the actual totals differ, do not change them to make them agree. The difference may come about with people relocating in one fiscal year and not putting in a claim until the following fiscal year. Also, because of the advance acquisition policy encouraged by ADAP, people may be moving from the proposed airport project a considerable length of time prior to the grant agreement.

Exhibit 2, Part II

As stated, the title for this part is 'Tracts For Which Final Settlements Were Completed," therefore, acquisition transactions not completed should not be listed. Likewise, only those cases that have received a final court award should be listed and not those cases with only a court deposit with litigation pending.

APPENDIX 3. CERTIFICATE OF APPRAISER

CERTIFICATE OF APPRAISER

____
____
____
(Sponsor)

ADAP Project No____________________
Parcel No___________________________
Project: ____________________________
____
____
____

Certificate of Appraiser

I hereby certify:

That on ______________________________ (date)(s), I personally made a field inspection of the property herein appraised and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented by the photographs contained in said appraisal or in the data book or report that supplements the appraisal.

That to the best of my knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed herein are based is correct; subject to the limiting conditions therein set forth.

That I understand this market value appraisal is to be used in connection with the acquisition of land for an airport project by ______________________ with the assistance of ADAP funds, or other Federal funds.

That such appraisal has been made in conformity with the appropriate State laws, regulations and policies and procedures applicable to appraisal of land for such purposes; and that to the best of my knowledge no portion of the value assigned to such property consists of items which are noncompensable under the established law of said State.

That any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, has been disregarded in determining the compensation for the property.

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the acquiring agency of said Sponsor or officials of the Federal Aviation Administration and I will not do so until so authorized by said officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That the conclusion set forth in this appraisal is my independent opinion of the value of the property as of the ____________ day of ________________ 19__, and that such conclusion was reached without collaboration of direction as to value.

It is my opinion that the fair market value of the above captioned real property is as follows:

Value before acquisition	$________
Value after acquisition	$________
Value difference	$________

The property has been appraised for its fair market value as though owned in fee simple, or as encumbered only by the existing easement in favor of

----

The opinion of value expressed above is the result of and is subject to the data and conditions described in detail in this report of ____ pages.

Date of contract: __ Name: ____________
____________________ Signature: __________
_______________, 19__

NOTE.—Other statements, required by the regulations of an appraisal organization of which the appraiser is a member or by circumstances connected with the appraisal assignment or the preparation of the report, may be inserted where appropriate.

APPENDIX 4. SHORT FORM APPRAISAL

SUBJECT PROPERTY DESCRIPTION

OWNER's NAME AND ADDRESS: ……………………………………………………………………………………………………
Location of Property: ……………………………………………………
……………………………………………………………………
Zoning ……………………………………………………
Title Report Date: ……………………… Suppl. ……………………
H. & B. Use: ……………………………………………………
Present Use: ……………………………………………………
PURPOSE OF APPRAISAL: To determine Fair Market Value
RIGHTS TO BE TAKEN: Fee simple

DELINEATION OF TITLE (5 Years)

FROM	TO	DATE	BOOK/PAGE	CONSIDERATION	CONFIRMED WITH

NEIGHBORHOOD

Developed	☐
Growing	☐
Static	☐
Declining	☐

SITE DATA

ELEVATION

On Grade	☐
Below ft	☐
Above ft	☐
View	☐

TOPOGRAPHY

Level	☐
Sloping	☐
Hillside	☐

SERVICES

City Water	☐
Well	☐
Spring	☐
Sewer	☐
Septic Tank	☐
City Street	☐
Sidewalks	☐
Public Road	☐
Private Drive	☐
Paved	☐
Gravel	☐
Irrigation	☐

DRAINAGE

Poor	☐
Fair	☐
Good	☐
Excellent	☐

LANDSCAPING

Poor	☐
Fair	☐
Good	☐
Excellent	☐

TRAFFIC

Heavy	☐
Light	☐

IMPROVEMENT DATA

BUILDING

Dwelling	☐
Duplex	☐
Age Yrs.	
Area Sq. ft	

DESIGN

1 Story	☐
2 Story	☐
Split Level	☐
Style	☐
	☐

STORIES	1	2	B
No. Rooms			
No. Baths			
No. Bedrooms			

QUALITY OF CONSTRUCTION

Poor	☐
Fair	☐
Good	☐
Excellent	☐
	☐

FOUNDATION

Concrete	☐
Piers & Posts	☐
	☐

TYPE OF CONSTRUCTION

Frame	☐
Brick	☐
Concrete Block	☐
	☐

ROOF

Composition	☐
Shakes	☐
Built up	☐
	☐

HEATING

Central	☐
Space	☐
	☐

CONDITION

	Total	Exterior	Interior
Poor	☐	☐	☐
Fair	☐	☐	☐
Good	☐	☐	☐
Excellent	☐	☐	☐

FUNCTIONAL UTILITY

Poor	☐
Fair	☐
Good	☐
Excellent	☐

SPECIAL FEATURES

Air Conditioning	☐
Built-in Vacuum	☐
Built-in Oven & Range	☐
Hood & Fan	☐
Garbage Disposal	☐
Dishwasher	☐
Storm Windows	☐
Swimming Pool	☐
Patio	☐
Fireplaces	☐

BASEMENT

Full	☐
Part %	☐
Finished	☐
Unfinished	☐
Daylight	☐

FINISH (Basement)

Poor	☐
Fair	☐
Good	☐
Excellent	☐

GARAGE

Attached	☐
Detached	☐
Carport	☐
1 Car	☐
2 Car	☐
Poor	☐
Fair	☐
Good	☐
Excellent	☐

OTHER IMPROVEMENTS (Including Site Improvements)

REMARKS:

……………………………………………, Appraiser   Page ………   Parcel No. ……………………………

PHOTOGRAPHS OF ALL PRINCIPAL IMPROVEMENTS AND/OR FEATURES AFFECTING VALUE

Photos are numbered (1, 2, etc.) with camera location and direction of each photo shown on the sketch below (or sketch attached). (E.G., "○→". Camera location is represented by the circle with the photo number in the circle. The arrow points in the same direction as the camera lens.)

Date Taken .... Taken by ....

PLOT PLAN showing (1) subject perimeter dimensions, (2) street and alley frontages, (3) improvement locations and perimeter dimensions, (4) take, (5) "North" arrow, (6) location(s) and type of easement areas and (7) camera location and direction for each photo.

Before Area .... After Area .... Take Area .... Easement Area ....

...., Appraiser Parcel No. ....

Page ......

COMPARABLE SALES DATA

COMPARATIVE ANALYSIS

SALE NO. .... PRICE $ .... DATE ....

Indicated value of subject $ ....

SALE NO. .... PRICE $ .... DATE ....

Indicated value of subject $ ....

SALE NO. .... PRICE $ .... DATE ....

Indicated value of subject $ ....

CORRELATION

Final Conclusion of Value $ ....

BREAKDOWN OF ACQUISITION:

Land Area
.... $ ....
.... $ ....
Total area Total Land $ ....

IMPROVEMENTS
Type
.... $ ....
.... $ ....
.... $ ....
TOTAL IMPROVEMENTS $ ....

DAMAGES
Item
.... $ ....
.... $ ....
Total Damages $ ....

BENEFITS (Subtract)
Item
.... $ ....
.... $ ....
Total Benefits $ ....

INDICATED JUST COMPENSATION $ ....

...................., Appraiser

Page ....

Parcel No. ....

MARKET DATA

ADDRESS OR LOCATION: ....

Access: ....

Present Use: ....

H. & B. Use: ....

Zoning: ....

Sale Date: ....

Price: $ ....

Instrument: ....

Terms: ....

E. Tax No. ....

Grantor: ....

Grantee: ....

Confirmed With (name/date)

.... / ....

Confirmed By ....

Date Inspected ....

Abrv. Legal Desc.: ....

....

....

NORMAL SALE ☐ Yes ☐ No – If no, explain below:

NEIGHBORHOOD

Developed	
Growing	
Static	
Declining	

SITE DATA

ELEVATION

On Grade	
Below ft	
Above ft	
View	

TOPOGRAPHY

Level	
Sloping	
Hillside	

SERVICES

City Water	
Well	
Spring	
Sewer	
Septic Tank	
City Street	
Sidewalks	
Public Road	
Private Drive	
Paved	
Gravel	
Irrigation	

DRAINAGE

Poor	
Fair	
Good	
Excellent	

LANDSCAPING

Poor	
Fair	
Good	
Excellent	

TRAFFIC

Heavy	
Light	

IMPROVEMENT DATA

BUILDING

Dwelling	
Duplex	
Age Yrs	
Area Sq. ft	

DESIGN

1 Story	
2 Story	
Split Level	
Style	

STORIES	1	2	B
No. Rooms			
No. Baths			
No. Bedrooms			

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Fair	
Good	
Excellent	

FOUNDATION

Concrete	
Piers & Posts	

TYPE OF CONSTRUCTION

Frame	
Brick	
Concrete Block	

ROOF

Composition	
Shakes	
Built up	

HEATING

Central	
Space	

CONDITION

	Total	Exterior	Interior
Poor			
Fair			
Good			
Excellent			

FUNCTIONAL UTILITY

Poor	
Fair	
Good	
Excellent	

SPECIAL FEATURES

Air Conditioning	
Built-in Vacuum	
Built-in Oven & Range	
Hood & Fan	
Garbage Disposal	
Dishwasher	
Storm Windows	
Swimming Pool	
Patio	
Fireplaces	

BASEMENT

Full	
Part %	
Finished	
Unfinished	
Daylight	

FINISH (Basement)

Poor	
Fair	
Good	
Excellent	

GARAGE

Attached	
Detached	
Carport	
1 Car	
2 Car	
Poor	
Fair	
Good	
Excellent	

Remarks:

PLOT PLAN SKETCH (including imps.)

STAPLE PHOTOGRAPH HERE

.........., Appraiser Page .... Parcel No. .... Comp. No. ....

INSTRUCTIONS FOR USING UNCOMPLICATED APPRAISAL FORMAT SHORT FORM APPRAISAL—FORM TYPE

1. The form type appraisal may be used only in reporting appraisals of unimproved land and improved single family or duplex residential properties. Its use assumes the availability of reasonably comparable market data requiring limited adjustments.

The brevity of the form does not relieve the appraiser of his responsibility to thoroughly research and analyze the market in the development of his value conclusions nor does it eliminate the necessity for gathering and retaining adequate additional information about the subject property and/or the market data which might be essential in the event of subsequent inquiry or condemnation.

The reports shall be prepared in ink or typewritten in accordance with the following:

2. **Page 1—Subject Property Description.**

Item 1.—List the name(s) of the owner(s), his mailing address, and telephone number if available.

Item 2.—Location of property shall be shown by street address. If an address is nonexistent or does not readily reveal a specific geographical location (as in the case of a rural postal route or box number), describe the location of the property by reference to names of streets, roads, highway and/or distances from describable landmarks.

Item 3.—Insert the date of the title report and supplement if any, under which the appraisal was made. Attach a copy of the title report and supplement(s) as the last page of the report.

Item 4.—Zoning shall be written in meaningful terms, i.e., single family, 7,200 square feet, etc. If the property is not now zoned state "none."

Item 5.—Highest and best use of the property must be stated.

Item 6.—If present use is the same as highest and best use state "same." If present use is not the same as highest and best use, state the present use in the space provided and explain why this use is not the highest and best use under Remarks.

Item 7.—If the Rights to be Taken are other than fee simple, i.e., easement(s), etc. include a brief explanatory statement.

Item 8.—Show all transfers of the subject property having occurred in the previous 5 years and give a brief narrative of the relationship to market value at the time of sale. Briefly describe any physical changes to the property such as additional construction, remodeling, etc. which may have occurred in the period between the sales or between the date of the last sale and date of evaluation, and indicate the probable effect upon market value. If more than one sale has occurred, an explanation should be given for any change in price, not attributable to physical changes. Examples of such items are contract terms vs. cash sale, change in neighborhood development, changes in general economics, etc. If additional space is needed, continue under "Remarks". If the sale is indicative of value, include and analyze as any other comparable sale. Should the recorded sale not reflect market value, give a brief narrative conclusion.

Item 9.—Physical description of subject neighborhood, site and improvement data shall be accomplished by placing a check or X in the appropriate box under each heading. In the event no proper descriptive word is found under a particular heading, insert the proper word in the provided blank, or, if none, cross out an existing word and insert the proper term.

NOTE.—Some topics call for a descriptive rating of poor, fair, good, or excellent. These terms are recognized as being relative or subjective, therefore subject and comparable sales must be rated as they relate to each other and not as against some pre-determined standard.

Item 10.—Other Improvements and/or site improvements should be briefly described in the area provided.

3. **Page 3—Comparative Analysis.**

Each comparable sale property must be narratively compared to the subject property explaining items of similarity and dissimilarity. Adjustments in dollar amounts, plus or minus, will be made for only those items of dissimilarity which affect market value to a measurable degree. The appraiser's explanation must contain his reasoning for various elements of adjustment, if any, in sufficient detail to allow the reader to make a sound judgment as to the validity and acceptability of the appraiser's adjustments. Each sale must be processed into an "Indicated value of subject." This will be done on a whole property to whole property comparison.

a. Correlation: The various value indications shall be correlated into a "Final Conclusion of Value." The purpose of correlation is to lead the reader through the appraiser's thought processes to a logical value conclusion.

b. Breakdown of acquisition: The final conclusion of value will be broken down into the various elements contributing to total property value.

4. **Page 4—Market Data:** In the presentation of market evidence in this abbreviated form, the appraiser and reviewer are reminded that all general concepts and provisions relating to good appraisal practices and factual reporting and confirmation of evidence are applicable and in force.

For ease of use by the appraiser, appraisal reviewer and negotiator, the market data sheets developed for this form are designed to conform closely with the sheet to be used in reporting the factual description of the subject property. The items of comparison emphasize the buyers and sellers approach to transactions for transfer of residential properties and unimproved sites. Overall utility, degree of site development, visual appeal, salability, livability and functionality are stressed (rather than cost, overall size of site or building, purely physical aspects, etc.).

The market must be closely analyzed for these items of comparison, and sales evidence requiring minimum adjustments, if any, relied upon for value conclusions. Where applicable, each block of this form must be considered carefully and checked.

Special items considered by the appraiser to bear upon the value conclusion, and for which blocks have not been included, must be reported under remarks or on the sketch (water frontage, trackage, soils classification, timber, etc.).

a. Plot plan sketch: As a minimum requirement, the sketch must show clearly:

(1) The direction of North by an "arrow."
(2) Access to site and improvements.
(3) Site dimensions, area and shape.
(4) Location of improvements on the site.
(5) Dimensions and area of all improvements contributing to value.
(6) Location and area of alleys and easements.
(7) Position from which photos are taken.

b. Photographs: Photographs of the site and improvements must be included and identified and will be securely fastened along one edge over the Plot Plan Sketch in such manner as to allow the picture to be lifted to reveal the sketch.

5. A sales map will be included in each appraisal, following the last Market Data sheet.

APPENDIX 5. VALUE FINDING REPORT FOR LOW VALUE ACQUISITION

ADAP Project No. ....

State & County ....

1. Parcel No. ....

2. Owner(s): ....

Address: ....

3. Property Location: ....

....

4. Area to be acquired (square feet or acreage).

Area .... × $............ = $............ Value of area acquired. (Value per square foot or per acre supported by land value in appraisal or Parcel No. .... on the project.)

5. Value of each improvement to be acquired (or cost to cure items). Material and labor cost should be documented to the Sponsor's files for the project.

Estimated Value of each improvement to be acquired.

(1) $........

(2) $........

(3) $........

Total

6. Summary

Value of area to be acquired $........

Value of Improvements to be acquired (or cost to cure) $........

Total Value (Not to exceed $1,000.00) $........

....
Appraiser or Qualified Employee

Date ....

APPENDIX 6. CALCULATION OF INTEREST PAYMENT DIFFERENTIAL

Required Information

1. Outstanding balance of mortgage on acquired dwelling $---------
2. Outstanding balance of mortgage on replacement dwelling $---------
3. Lesser of line 1 or line 2 $---------
4. Number of months remaining until last payment is due for mortgage on acquired dwelling. ---------
5. Number of months remaining until last payment is due for mortgage on replacement dwelling. ---------
6. Lesser of line 4 or line 5 ---------
7. Annual interest rate of mortgage on acquired dwelling -------%
8. Annual interest rate of mortgage on replacement dwelling (or, if it is lower, the prevailing annual interest rate currently charged by mortgage lending institutions in the general area in which the replacement dwelling is located). -------%
9. Prevailing annual interest rate paid on standard passbook savings accounts by commercial banks. -------%
10. If applicable, any debt service costs on the loan on the replacement dwelling, such as points paid by the purchaser which are not reimbursable as an incidental expense. $---------

Development of Monthly Payment Figures

A. Monthly payment required to amortize a loan of $-------- (line 3) in --------- (line 6) months at an annaul interest rate of ---------% (line 7). $---------

B. Monthly payment required to amortize a loan of $-------- (line 3) in --------- (line 6) months at an annaul interest rate of ---------% (line 8). $---------

C. Monthly payment required to amortize a loan of $-------- (line 3) in --------- (line 6) months at an annaul interest rate of ---------% (line 9). $---------

Calculation of Interest Payment

Step 1.—Subtract A from B:
Monthly payment based on rate for replacement dwelling (B) $---------
Monthly payment based on rate for acquired dwelling (A) −$---------
Result (difference) $---------

Step 2.—Divide result (difference) of step 1 by C (carry to 6 decimal places):
Result (difference) from step 1 $---------
Monthly payment based on savings rate (C) ÷$---------
Result (quotient) ---------

Step 3.—Multiply outstanding balance of mortgage on dwelling by result (quotient) of step 2:
Outstanding Balance (from Line 3) $---------
Result (quotient) of step 2 × ---------
Result (product) $---------

Step 4.—Add to result (product) of step 3 any debt service costs on the loan on the replacement dwelling:

Result (product) of step 3, first mortgage $---------
*Result (product) of step 3, second mortgage $---------
Sum or difference, as applicable $---------
Add debt service costs on loan on replacement dwelling (Line 10) $---------
Amount of interest payment $---------

*If there is more than one outstanding mortgage on an acquired dwelling, the discounted value of each mortgage must be determined. To do this, a separate computation is made to each mortgage through step 3. A consolidated step 4 is then completed.

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